As of 11 a.m. ET **DJIA** 10403.33 ▲ 0.06% **FTSE 100** 5527.16 ▼ 0.11% **Nikkei 225** 10145.72 ▼ 1.05% **Shanghai Comp.** 3023.37 ▼ 2.38% **Hang Seng** 20575.78 ▼ 1.44% **Sensex** 16971.70 ▼ 0.17% **S&P/ASX 200** 4750.50 ▲ 0.31%

The best-picture show: Our Academy Award outlook
WEEKEND JOURNAL W8

ObamaCare is being sold on fiscal falsehoods
EDITORIAL & OPINION 10

Australia: A$6.00(Incl GST), Brunei: B$5.00, China: RMB25.00, Hong Kong: HK$18.00, India: Rs25.00, Indonesia: Rp18,000(Ind PPN), Japan: Yen500(Incl JCT), Korea: Won2,500, Malaysia: RM6.00, Pakistan: Rs80.00, Philippines: Peso80.00, Singapore: S$4.00(Incl GST), Sri Lanka: Srs180(Ind VAT), Taiwan: NT$60.00, Thailand: Baht50.00, Vietnam: US$2.50
KKDN PPS 648/11/2010 (028507) KKDN PP 9315/10/2010 (025811) MICA (P) NO. 048/10/2009 SK MENPEN R.I. NO: 01/SK/MENPEN/SCIJ/1998 TGL 4 SEPT 1998

THE WALL STREET JOURNAL.

VOL. XXXIV NO. 130 (India facsimile Vol. 1 No. 191) * * ASIA Friday - Sunday, March 5 - 7, 2010

DOWJONES A NEWS CORPORATION COMPANY

asia.WSJ.com

Economy tests Beijing congress

By Andrew Batson

BEIJING—China's leaders, kicking off the annual legislative session Friday, face the challenge of how to explain to the nation the gradual withdrawal of an enormous stimulus program without denting public confidence.

When Premier Wen Jiabao delivers his government work report—the Chinese equivalent of a State of the Union address—to the National People's Congress Friday, he is widely expected to reaffirm the government's totemic 8% target for economic expansion, which it has maintained for several years despite significant fluctuations in actual growth rates. Mr. Wen will also reaffirm a commitment to policies that support expansion, though that pledge is vague enough to give him considerable leeway to shift the course of policy.

Discussion of the economy is likely to dominate this year's session of the congress, a largely ceremonial gathering of nearly 3,000 delegates who discuss and ratify the top leadership's policies. The 10-day meeting, the pinnacle of the annual political calendar, takes place amid growing public concern about high local housing prices and nervousness about the global economy.

Though China isn't now facing the kind of market worries about government debt that are bedeviling Europe, few analysts disagree that China urgently needs to cool down its credit-fueled stimulus. The scale of last year's bank lending has raised worries about the future health of the financial system, and signs of property bubbles in major cities are spreading.

Mr. Wen's speech marks his latest effort to articulate where the world's fastest-growing major economy is headed. The premier has been in the public eye unusually often in recent months, repeating his mantra that "confidence is more important than money or gold" and affirming the government's commitment to supporting the economy. But he has also acknowledged excesses in the stimulus program and spoken of the need to find other ways to keep growth going.

"Last year, Beijing had a simple strategy and a simple message: lend as much money as necessary to keep growth

Please turn to page 14

Japan's learning curve

2006: Sony

2008: Japan Tobacco

2010: Toyota

From left: Bloomberg News; Kyodo via Associated Press; Getty Images

Crisis management is a new discipline in Japan, even after a series of incidents such as Sony's battery recall in 2006, pesticide being found in dumplings made by Japan Tobacco's food division in 2008, and Toyota's recall fiasco this year. At left, Yutaka Nakagawa, Sony executive deputy president, bows in apology; center, after the food scare became public, a health-center officer checks food in Kyoto; and, right, Toyota CEO Akio Toyoda grimaces March 1. Now, Japanese companies are calling in consultants and public-relations experts to learn about 'crisisu managemento.' **Page 15**

Sony readies phone to rival Apple

By Daisuke Wakabayashi And Yukari Iwatani Kane

Threatened by **Apple** Inc.'s growing stable of portable devices, **Sony** Corp. is developing a new lineup of handheld products, including a smart phone capable of downloading and playing PlayStation games, according to people familiar with the matter.

The Japanese electronics giant also has a project under way to develop a portable device that blurs distinctions among a netbook, an e-reader and a PlayStation Portable, or PSP. The device is designed to compete against multifunction products such as Apple's coming iPad tablet, these people said.

Both the new smart phone and the multifunction device are expected to work with Sony's online media platform, due to launch later this month in the U.S. as the company's answer to Apple's iTunes.

Bloomberg

Sales of Sony's PlayStation Portable Go, above, have been slow.

The new products are targeted for launch in 2010, although many details such as price and certain specifications have yet to be finalized, these people said. A Sony spokeswoman declined to comment.

Sony has struggled with portable devices. Its cellphone venture, Sony Ericsson, saw global shipments decline 41% in 2009, and last month Sony slashed forecasts for PSP shipments.

Sony's media platform, temporarily named Sony Online Service, will offer many of the same movies, television shows and music already available on iTunes. But the company aims to differentiate its service by allowing a wide range of devices to tap into its catalog of games, mainly older titles released for the original PlayStation console.

The new smart phone and other coming portable devices are critical elements of Chief Executive Howard Stringer's turnaround plan. Sony has made progress in cutting costs and streamlining its production, but it has yet to deliver a game-changing product that embodies Mr. Stringer's emphasis on creating devices that access an online network offering movies, games and music.

Please turn to page 14

Sun SPARC Server

7x Faster Response Time
25% More Throughput
Building Faster Computers

IBM's Fastest Server

6x More Energy Consumed
20% More Expensive
Building Smarter Planets

ORACLE

oracle.com/sunoraclefaster

Source: Transaction Processing Performance Council, www.tpc.org as of 11/3/09.
12-Node SPARC Enterprise T5440 server cluster, 7,646,486 tpmC, $2.36/tpmC, available 3/19/10.
IBM Power 595 Server Model 9119-FHA, 6,085,166 tpmC, $2.81/tpmC, available 12/10/08.

Copyright © 2010, Oracle. All rights reserved.

PAGE TWO

What's News—

* * *
Business & Finance

■ **Toyota plans to introduce** sales incentives in China on Friday to entice consumers spooked by the auto maker's recall. The company, which characterizes Chinese orders as sluggish, expects the incentives to last through the end of the month. The Prius, meanwhile, retained its status as the top seller in Japan in February. **15, 17**

■ **There is no U.S. government** guarantee to protect the largest financial firms, a Treasury official said, as a congressional watchdog criticized the $45 billion in aid provided to Citigroup. **3**

■ **Malaysia raised** its benchmark interest rate and noted the "economic recovery is firmly established," in a sign of the rapidly improving fortunes across Asia. **4**

■ **Greece's offering** for a 10-year bond attracted $19.86 billion in bids, the head of the country's debt-management agency said. **7**

■ **U.S. stocks rose slightly** as ratings upgrades and better-than-expected retail sales provided a boost. Chinese banking and property stocks lost ground. **23**

■ **China Investment Corp. said** a lack of clarity in the global economic trend will make it more difficult for the sovereign-wealth fund to invest its cash this year. **15**

■ **Prudential shares rebounded** from a two-day swoon in the wake of the deal to buy AIG's Asian life-insurance unit. **20**

■ **Hong Kong's exchange** operator reported a fall in profit and said it is looking to build ties with exchanges abroad even as it continues to focus on China. **20**

■ **A Luxembourg court ruled** that investors who lost money in Madoff's Ponzi scheme through funds set up by UBS can't sue the Swiss bank over their losses. **20**

■ **Danish conglomerate Maersk**, which includes the world's biggest freight shipping line, announced a 2009 net loss of $1 billion amid a sharp fall in global trade. **16**

Associated Press

Australian field hockey player Jamie Dwyer, center, tries to get past South Africa's Austin Smith and goalkeeper Brendan Botes on Thursday in the International Hockey Federation World Cup in New Delhi. Australia won 12-0, the biggest win in the history of the tournament. England held off Pakistan 5-2 to stay unbeaten, and Spain beat India 5-2.

■ **A lawyer for Yukos argued** before a European court that the Russian government deliberately sought to destroy the now-defunct oil giant, as it seeks nearly $100 billion in damages. **9**

■ **A Cnooc consortium** is the front-runner to win rights to develop Iraq's 2.5 billion-barrel Missan oil-field complex after agreeing to government proposals. **18**

■ **The U.S. sold** its warrants to purchase shares of Bank of America for $1.5 billion, the most Treasury has earned from selling warrants in a single institution. **21**

* * *
World-Wide

■ **China said it will raise** its defense budget 7.5% this year, the smallest increase in two decades, as Beijing shifts resources toward other priorities. **4**

■ **Blasts ripped through** Baghdad, targeting voters and killing 17 people, raising tensions in the city as early ballots were cast for Sunday's parliamentary elections.

■ **The departing head** of the U.N. mission in Afghanistan said it is "high time" a political solution is found with the Taliban. **8**

■ **Indonesia's president** defended a decision by his two top officials to bail out a bank in 2008, indicating he will keep them in their posts despite a call from the parliament to prosecute them. **5**

■ **A 6.4-magnitude earthquake** hit southern Taiwan, injuring 64 people and disrupting operations at some high-tech companies. **5**

■ **Terrorists may be planning** attacks on large ships in the Malacca Strait, the Singapore Shipping Association said, citing an advisory from Singapore's Navy. **5**

■ **At least 63 people died** and 100 were injured in a stampede at a Hindu temple in the northern Indian state of Uttar Pradesh. Devotees had gathered for a ritual feast when a gate collapsed.

ONLINE TODAY

Most read in Asia

1. Europe's Original Sin
2. Apple Suit Could Pressure HTC
3. Greece Sets Plan to Chop Deficit
4. Chile Temblor Tilts Earth Slightly
5. Apple Sues Google Phone Maker

Most emailed in Asia

1. Singapore, EU to Talk Trade
2. Opinion: Ron Shelp: The End of AIG's Asian Era
3. Nissan to Recall Over 500,000 Cars
4. Game Makers Battle China's Pirates
5. Europe's Original Sin

Speakeasy

blogs.wsj.com/speakeasy

A host of comedians gathered to play U.S. presidents past and present in a new video on FunnyorDie.com.

Continuing coverage

Follow the latest news from the National People's Congress at wsj.com/china

Real Time Economics

blogs.wsj.com/economics

The Monster Employment Index surged in February, suggesting employers are emerging from a long hibernation.

Inside

In Depth: Facebook CEO isn't rushing to 'friend' Wall Street. **12**

Heard on the Street: Rally for Tata Motors may be premature. **28**

Capital Journal: Interview with Zbigniew Brzezinski. **6**

Corporate News: IBM researchers claim chip-design advance. **19**

THE WALL STREET JOURNAL ASIA
Dow Jones Publishing Company (Asia)
25/F, Central Plaza, 18 Harbour Road, Hong Kong
Tel 852-2573 7121 Fax 852-2834 5291
www.wsj-asia.com

SUBSCRIPTIONS and Address Changes, please telephone our local customer service hotline, Hong Kong/Taiwan: 852-2831 2555; Beijing: 86-10 6581 4090; Shanghai: 86-21 5836 8228; Indonesia: 62-21 344 1101; Japan: 81-3 6269-2760; Korea: 82-2 756 1695; Malaysia: 60-3 2026 4061; Philippines: 63-2 848 5873; Singapore: 65-6415 4000; Thailand: 66-2 652 0871. Or email: service@wsj-asia.com

ADVERTISING SALES worldwide through Dow Jones International. Hong Kong: 852-2831 2504; Singapore: 65-6415 4300; Tokyo: 81-3 6269-2701; Frankfurt: 49 69 29725390; London: 44 207 842 9600; Paris: 33 1 40 17 17 01; New York: 1-212 659 2176. Or email: wsja.publisher@dowjones.com

Trademarks appearing herein are used under license from Dow Jones & Company. USPS 337-350ISSN 0377-9920

Treasury: There's no guarantee for lenders

By Michael R. Crittenden

WASHINGTON—There is no U.S. government guarantee to protect the largest financial firms, a Treasury Department official said Thursday, as a congressional watchdog criticized the $45 billion in government aid provided to **Citigroup** Inc.

Herbert Allison, who oversees the Treasury's $700 billion financial rescue plan, disagreed with members of a congressional oversight panel that some financial firms benefit from the assumption that the government would step in to prevent their failure.

"There is no too-big-to-fail guarantee on the part of the U.S. government," Mr. Allison said.

Elizabeth Warren, who chairs the five-member Congressional Oversight Panel, said it was clear that financial markets do assume the guarantee exists, pointing to a recent ratings company report that specifically noted the government's role in backing Citigroup.

"The market clearly perceives that there is a too-big-to-fail guarantee," Ms. Warren said. "That gives Citi an advantage in raising capital... That is very valuable to Citi."

Panel members locked horns with Mr. Allison over his reluctance to answer some questions, primarily regarding the health of Citigroup when the government injected capital into the bank in late 2008. Panel member Damon Silvers, pressing Mr. Allison on whether the bank was at risk of failure at the height of the financial crisis, said it was "extraordinary that it is not possible to have a straightforward conversation."

"I do not understand why it is that the United States government cannot admit what everyone in the world knows, which is that in that week that Citigroup was a failing institution," Mr. Silvers said.

Mr. Allison did acknowledge that many banks, including Citigroup, "were on the brink of failure had the system had not been underpinned" by government actions.

The U.S. government currently holds a $25 billion stake in Citigroup after the bank partially repaid the taxpayer assistance last year. Mr. Allison said the Treasury intends to dispose of its current investment in the bank "as rapidly" as possible over the next year. Pressed by the panel, he also said the U.S. government has no plans to invest any more money in the bank.

Citigroup Chief Executive Vikram Pandit, also appearing before the panel, said the bank owes a "large debt of gratitude" to taxpayers for aiding the firm.

"Taxpayers still hold 27% of our common stock, and we look forward to helping them make money on that investment," Mr. Pandit said.

Mr. Pandit echoed Mr. Allison, saying the bank has no plans to request more government funds.

When asked whether the bank or any of its businesses are currently insolvent, he offered a simple answer:"No."

Citigroup is currently "well capitalized" and would pass the government-ordered stress tests if they were run again today, Mr. Pandit said.

Reuters

Citigroup Chief Executive Vikram Pandit, right, arrives to testify before a congressional panel on Thursday.

'h' has found a better place to live.

THE POWER OF h THE LEXUS FULL HYBRIDS

At Lexus, we like to challenge convention and seize upon things. Like 'h' for example. For us, it's a catalyst. The spark that generated Lexus Hybrid Drive Technology, which led to the development of the world's most advanced powertrain. Thanks to 'h', a Lexus Full Hybrid not only accelerates seamlessly between its dual power sources but, unlike mild hybrids, can also be powered by its electric motor alone. Delivering an exceptional and enjoyable driving performance with exhilarating power. Expect power in its purest form with at least 20% lower carbon emissions* and greater fuel efficiency with the Lexus Full Hybrids. Experience the power to change the world at www.powerofh-asia.com

Vehicle specifications and model availability may vary by market.
*Compared to regular gas engines of similar performance. Actual data may vary depending on testing conditions.

LEXUS
THE PURSUIT OF PERFECTION

WORLD NEWS: ASIA

Malaysia boosts its benchmark rate

Country is the first midsize, export-reliant economy in Asia to increase; move will be closely watched by others

By Alex Frangos

In a sign of the rapidly improving economic fortunes across Asia, Malaysia's central bank raised its benchmark interest rate Thursday and noted the "economic recovery is firmly established."

The bank raised the overnight policy rate by a quarter percentage point, to 2.25%, making Malaysia the first medium-sized, export-oriented economy in Asia to raise its target interest rate. Its move will be closely watched in the region, where policy makers have moved gingerly away from the extraordinary policy stimulus put in place during the global financial crisis.

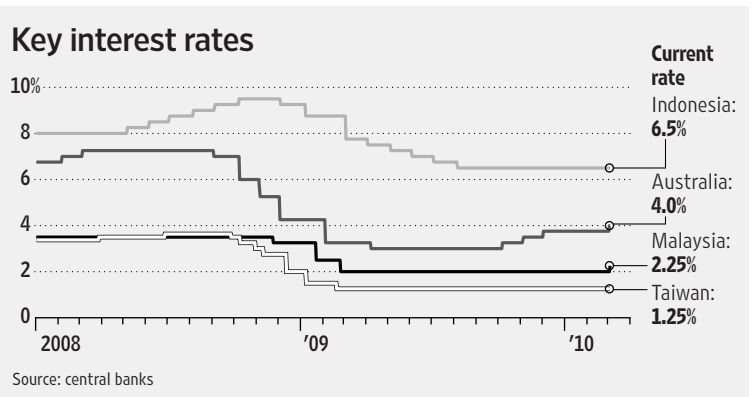
Similar macroeconomic conditions in Taiwan, South Korea, Thailand, Singapore are likely to lead to rate hikes in coming months. All have benefited from their exposure to China and the restocking of inventory in the U.S. and Europe, especially for technology-related goods.

Indonesia's central bank kept its interest rate steady Thursday, saying inflation remains under control.

"Now that Malaysia has moved, other central banks in the region may feel more comfortable doing so as well," said Matt Hildebrandt, economist with J.P. Morgan in Singapore. He added, though, that tightening would happen only gradually amid concern about the global economic outlook.

Malaysia's rate increase comes after China and India tightened credit by raising bank reserve requirements. Australia, whose economy is heavily reliant on Asian demand, has raised its benchmark rate four times since October, most recently on Tuesday. Vietnam raised rates in December to fight off speculation on its weakening currency.

In recent weeks, Malaysia and other area economies including China, Taiwan and Thailand announced stronger than expected fourth quarter growth, surprising economists and hastening the need to return interest rates to more normal levels. Prices have begun to rise across Asia. That combined with the ultra-low interest rates, could spark a bout of inflation.



"Growth is expected to strengthen further," Bank Negara Malaysia said in its statement accompanying the rate increase. "Prices will gradually increase during the year," it said, while predicting that "inflation is expected to remain moderate." The bank noted the risks of "rising global commodity and food prices."

Thursday's increase was the first move by Malaysia's central bank since it dropped rates for the final time in February 2009. It was the first rate increase since 2006.

The tightening of monetary policy in the region highlights the gap between recoveries in emerging economies, especially in Asia, and the developed world, where interest rates are expected to remain at rock bottom levels for several more months, if not longer. That split could lead investors to shift money into the higher interest rates of Asian currencies and away from the U.S. dollar, the euro and the yen.

In the policy statement, the Malaysian central bank cited the "continued improvement" in exports, "particularly from the regional economies," an allusion to the strength of trade within Asia.

Traditionally, Asia's export-led economies have relied substantially on demand from the U.S. and Europe. Malaysia's economy grew 4.5% in the last quarter of 2009 from the year earlier, helped by strong consumer spending and trade.

There are signs that growing demand from emerging markets, especially in China, has the potential to fill in for the sluggish buying power among Western consumers.

China to raise defense spending by 7.5%

By Gordon Fairclough

SHANGHAI—China said it will raise its official defense budget 7.5% this year—the smallest increase in two decades—as the government shifts resources toward other priorities in a move that could also help defuse perceptions of the nation as a military threat.

Li Zhaoxing, a spokesman for China's legislature, the National People's Congress, said the country would spend nearly $78 billion on its armed forces in 2010, up from $72.5 billion last year. That represents a sharply lower growth rate than the nearly 19% average budget rise for the China's People's Liberation Army every year since 2006.

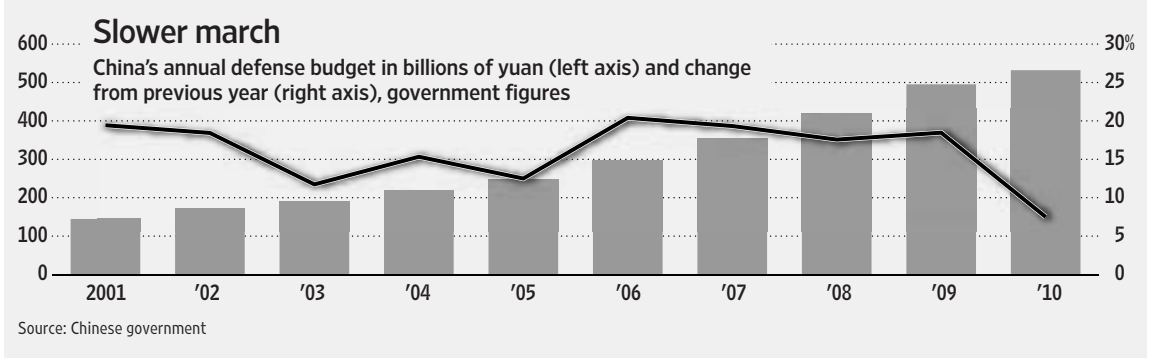
Since 2000, China's declared annual defense outlay has grown more than fourfold. It now exceeds the military spending of the U.K., France and Russia. But it remains a fraction of the more than $690 billion spent on defense last year by the U.S., whose troops are fighting in wars in Iraq and Afghanistan.

The rapid rise in China's military spending and its development and acquisition of more sophisticated weaponry in recent years has sparked concern in Washington and among China's neighbors, who question Beijing's intentions. China's growing military is already forcing the U.S. and others to reassess their approaches to security in Asia.

This year's military spending increase was significantly smaller than that expected by outside analysts of the Chinese military, many of whom were forecasting a rise of roughly 15%. But it is unclear whether the slower growth rate will be enough to assuage the worries of Beijing's critics.

"It's a surprise," said David Shambaugh, a professor at George Washington University who studies Chinese military affairs. "There are competing expenditure priorities" for Chinese leaders struggling to develop rural areas, which are falling further behind the nation's booming cities, and to repair a tattered social safety net.

Agence France-Presse/Getty Images



"It will be harder to argue about the Chinese threat," if Beijing continues to temper its defense spending increases, Mr. Shambaugh said.

Ni Lexiong, a fellow at the Shanghai National Defense Institute and an outspoken advocate of Chinese sea power, said that the lower defense-spending rise reflects an "easing of the security situation," with improved relations between the mainland and Taiwan, which China views as part of its territory.

Mr. Ni also said the government may be trying to "build mutual trust and eliminate the China-threat theory," with more gradual budget increases. He said Vietnam, India and others had responded to China's stronger military by buying more weapons, and China doesn't want to spark "an arms race in Asia."

China's official military budget is widely believed to significantly understate the country's actual defense spending. In 2008, for instance, the Pentagon estimated that actual Chinese military spending was between $105 billion and $150 billion. The official Chinese government figure was $60 billion.

"China is committed to peaceful development and a military posture that is defensive in nature," said Mr. Li, the NPC spokesman, in a national news conference Thursday ahead of this year's session of the Congress, China's largely ceremonial legislature. He said this year's increase would improve China's ability to "meet various threats."

China's 2.3-million-strong armed forces are far more capable than they were a decade ago. Big improvements have been made in the navy, especially its submarine forces, as well as in ballistic missiles and cyber and electronic warfare, analysts say. But the country still lacks the ability to deploy any substantial force beyond its periphery.

For the most part, Beijing has sought to play down the significance of the country's military-spending growth, saying it has been directed primarily at helping the PLA, with its roots in the peasant army that brought the Communist Party to power in 1949, catch up with more technologically sophisticated militaries in Japan and the West.

But increasingly, Chinese leaders also have sought to draw attention to the country's military strength as a source of national pride. On Oct. 1, the 60th anniversary of the foundation of the People's Republic of China, a massive military parade through the heart of Beijing showed off the country's new hardware.

Much of China's modernization effort has been directed at raising the potential cost of U.S. intervention in any conflict between China and Taiwan. But the military's aspirations are broader. The Chinese navy has been pushing farther offshore. Chinese ships have joined antipiracy patrols in the Gulf of Aden. And navy officers talk of one day building an aircraft carrier, which would be China's first.

In 2007, China used a missile to shoot down an orbiting satellite. This year, the PLA said it successfully tested an antiballistic-missile interceptor. The Pentagon believes China is also developing a ballistic missile that it can use to target U.S. aircraft carriers.

A new generation of military boosters is becoming more outspoken. In a new book called "The China Dream," a PLA officer, Senior Col. Liu Mingfu, calls on China to "become world No. 1, the top power" in the 21st century. Senior Col. Liu teaches at China's National Defense University.

Despite their swelling ambitions, however, China's armed forces still have a long way to go as they strive to become a leaner, more agile force using more sophisticated, high-tech weapons, analysts say. That could be one reason for the slowed increase in military spending.

—Gao Sen contributed to this article.

Yudhoyono backs embattled aides

By Joko Hariyanto
And I Made Sentana

JAKARTA—Indonesian President Susilo Bambang Yudhoyono on Thursday defended a decision taken by his two top officials to bailout a small bank in late 2008, indicating that he will keep them at their current posts despite a call from the parliament to prosecute them.

"I justified the decision to save Bank Century" as it was aimed at protecting the economy from the crisis at the height of the global crisis, Mr. Yudhoyono said in a speech televised nationwide.

His statement was in response to a parliament recommendation Wednesday that Vice President Boediono and Finance Minister Sri Mulyani Indrawati should be investigated for authorizing the $700-million bailout of the small lender. The majority of the lawmakers voted that the move wasn't necessary and a waste of government money.

They also alleged that it may have involved abuses of power, and corruption at various levels.

Several lawmakers even demanded that Mr. Boediono and Ms. Sri Mulyani, both seen by international investors as Indonesia's reformers, step down to facilitate criminal investigation on them.

Mr. Yudhoyono called parliament's recommendation a "political conclusion" and not "legal evidence."

Analysts agreed that the parliament's final recommendation has no legal consequence until legal proceedings find the two officials guilty.

Even if subsequent investigations find sufficient evidence to start impeachment proceedings against Mr. Boediono, removing him from his post would be a difficult and lengthy process under the rules of Indonesia's upper house of parliament, while removing Ms. Sri Mulyani would be relatively simple, analysts concluded.

It was unclear when the investigation by prosecutors, police and the government's anticorruption commission will begin.

Mr. Yudhoyono's support for the two technocrats, who have pushed for extensive reforms, will likely be welcomed by the markets.

But, concerns remain that anti-reform elements outside and inside the parliament will likely push for their resignations, keeping political temperature in the Southeast Asian nation high.

Reuters

A Singapore Police Coast Guard vessel patrols the shipping lanes near freighters off the coast of Singapore Thursday.

Strait terror threat seen

A Singapore Navy advisory says oil tankers could be targeted

By Wayne Ma

SINGAPORE—Terrorists may be planning attacks on oil tankers and other large ships in the Malacca Strait, the Singapore Shipping Association said Thursday, citing an advisory from the Singapore Navy.

The warning, if accurate, may signal a tactical shift for terrorist groups operating in the region that would include sea-based targets.

The navy's Information Fusion Centre "received an indication that a terrorist group is planning attacks on oil tankers in the Malacca Straits," it said in the advisory, which was reviewed by a reporter. "This does not preclude possible attacks on other large vessels with dangerous cargo."

Singapore's Ministry of Defense declined to comment. The Singapore Shipping Association declined to elaborate.

Indonesia's Department of Defense "hasn't received any information that Singaporean tankers will be disturbed in the Straits of Malacca by terrorists," Brig. Gen. I Wayan Midio said. However, Indonesia plans to step up air and sea patrols to monitor the straits, said Mr. Midio, a department spokesman.

The Malacca Strait, which lies between Malaysia and the Indonesian island of Sumatra, is a vital link connecting the Middle East and Europe to Asia. The number of ships passing through it this year will total 117,000, according to an estimate by the Ocean Policy Research Foundation. About 15 million barrels of oil a day flow through the strait, according to a 2006 survey of global oil-transit chokepoints by the U.S. Energy Department.

"Normally, we don't see these types of alerts" from the navy, said Alex Duperouzel, managing director at Background Asia Risk Solutions, a security consulting firm. "It may suggest a change in tactics from groups operating in this region."

Information about the plans to attack oil tankers or other shipping in the busy Strait of Malacca was "recently acquired" following the detention of terrorist suspects elsewhere in Southeast Asia, a regional intelligence official said.

The Southeast Asia-based Islamist group Jemaah Islamiyah has long harbored the ambition of seizing an oil tanker and using it as a huge floating bomb, the person said.

Rohan Gunaratna, head of the International Center for Political Violence and Terrorism Research at Nanyang Technological University in Singapore, said the advisory "should be treated seriously."

"Terrorist groups operating in the region have looked several times at threats to the maritime domain," he said.

The Malacca Strait—some 550 miles long and just 1.7 miles wide at its narrowest point—had long been a haven for pirates, but in recent years neighboring countries had cracked down on piracy, and there was a dropoff following the Indonesia tsunami in 2004.

Although a terrorist attack on an oil tanker might create an environmental hazard and delay oil shipments, vessels transporting liquefied natural gas and chemicals present a greater risk to populations, Mr. Duperouzel said.

According to the Singaporean advisory, ships should adopt security measures "similar to that of transit through the Gulf of Aden," the waterway adjacent to Somalia, where a number of vessels have been targeted by pirates in recent years. Ships are advised to avoid areas with a high concentration of shipping and fishing, it said. In past sea robberies and incidents of piracy in the region, small fishing vessels such as sampans were used to board ships, the advisory said.

Several Singapore-based oil traders said the advisory was unlikely to have much of an impact on oil prices. But any attack would create huge costs for oil traders by delaying oil deliveries and forcing vessels to take alternative routes, said Clarence Chu, an energy trader at Hudson Capital Energy. Singapore was the world's top container shipping port in 2008.

"Historically, when there have been these types of threats, insurance companies have often looked to increase rates where they can," Mr. Duperouzel said.

—Sam Holmes, Florence Tan and En-Lai Yeoh in Singapore, James Hookway in Bangkok and Joko Hariyanto in Jakarta contributed to this article.

Taiwan is jolted by 6.4 earthquake

By Charmian Kok
And Perris Lee Choon Siong

TAIPEI—A 6.4-magnitude earthquake hit southern Taiwan Thursday morning, injuring 64 people and disrupting operations at a number of the island's high-tech companies.

No deaths or major damage was reported. Officials were still assessing damage late Thursday. Power outages struck Taipei and at least one county to the south, and telephone service in many parts of Taiwan was spotty, according to the Associated Press.

Meanwhile, several of the island's major technology companies, including **Taiwan Semiconductor Manufacturing** Co., **Chi Mei Optoelectronics** Corp. and **Advanced Semiconductor Engineering** Inc. said they were assessing the full impact. Analysts said their output likely will be affected in coming months. Still, the earthquake struck at a typically slow selling season for technology firms and any disruption in production won't have a significant impact on the global supply chain, they said.

A spokesman for President Ma Ying-jeou said authorities had been instructed to follow the quake situation closely and take steps to mitigate damage and dislocation, the AP reported. Mr. Ma was widely criticized for his government's slow response to a devastating typhoon that struck the southern part of Taiwan last year.

The U.S. Geological Survey said the quake hit about 70 kilometers from the main southern city of Kaohsiung and it was felt as far away as capital Taipei in the north of the island. Its epicenter was in Jiahsian township in Kaohsiung county, an area still recovering from the typhoon.

The quake was felt to a lesser extent in Taipei, where it registered a magnitude of 2. It was felt to a similar degree in Hsinchu, where many technology companies are based, and registered a magnitude of 4 in Tainan, according to data from the Central Weather Bureau.

—Jessie Ho and Alex Pevzner contributed to this article

Chinese dairy executives are sentenced in scandal

By James T. Areddy

SHANGHAI—Three Chinese dairy officials were sentenced Wednesday to up to five years in prison after a Shanghai court found them guilty of producing and selling dangerous products, state media reported.

Wang Yuechao, the 47-year-old deputy general manager and registered representative of Shanghai's now-closed **Panda Dairy** Co., was sentenced to five years in prison after the company was found to have knowingly sold milk containing dangerous levels of melamine, news reports said. The reports said former general manager Hong Qide was sentenced to 4½ years and former deputy general manager Chen Dehua to three years for their roles in producing and selling tainted milk, some of which had been recalled months earlier but resold. The officials, none of whom were reachable, were also fined as much as $58,400 each. All denied responsibility, state media reported.

The Shanghai district court where the trial took place declined to comment Thursday. A lawyer for Mr. Wang, Tao Wuping, confirmed the sentences. He said his client, who was fined about $46,000, intends to appeal.

Melamine is an industrial chemical with numerous uses. It is dangerous to ingest in large quantities but is known to mimic the characteristics of protein, which Chinese health inspectors use as a basis for testing milk quality. Tainted milk sickened more than 300,000 people and killed at least six infants.

Panda was among a group of Chinese dairies found in 2008 to be producing milk with excessive levels of melamine and briefly shut.

State media reported that some of its canned sweetened condensed milk contained more than 13 times the accepted level of melamine, prosecutors said, though they contended the episode didn't cause serious public-health risks.

Problems in Chinese milk have underscored concerns about the nation's food supply, as well as highlighting how company and government officials are sometimes reluctant to publicly recall hazardous products.

—Kersten Zhang contributed to this article.

WORLD NEWS

U.S. faces hard road to Iran sanctions

Diplomats fear Brazil, Turkey, Lebanon may weaken action at U.N. Security Council; China holds key cards

The Obama administration, struggling to win China's pivotal backing for a new round of United Nations sanctions against Iran, is increasingly worried about gaining support of other members of the U.N. Security Council, particularly Brazil, Turkey and Lebanon, according to U.S. and European officials.

*By **Jay Solomon** in Washington and **John Lyons** in São Paulo*

Officials involved in the diplomacy fear that China's stated opposition to tough new sanctions, if reinforced by other players, could weaken any U.N. penalties against Tehran. Though Brazil, Turkey and Lebanon hold temporary seats and can't veto sanctions—unlike permanent council members including China—they could make it harder for the U.S. to get agreement by sustaining the opposition campaign.

Senior U.S. diplomats have intensified talks in recent weeks with leaders in China, Turkey, Brazil and Lebanon in a bid to push a sanctions vote at the U.N. on Iran by next month. But on Wednesday, Brazilian officials publicly rebuffed the U.S. during Secretary of State Hillary Clinton's visit to the capital, Brasilia. "It is not prudent to push Iran against a wall," President Luiz Inácio Lula da Silva said ahead of their meeting. Afterward, foreign minister Celso Amorim said sanctions "could be counterproductive." Turkish and Lebanese officials have made similar comments recently.

The Security Council could still gain passage of new U.N. sanctions on Iran, as long as China declines to use its veto. Nine of the 15 members of the Security Council need to support a resolution, without a veto by one of the five permanent members—the U.S., Russia, China, France and the U.K. Diplomats say the Russians are increasingly supportive of fresh sanctions.

Agence France-Presse/Getty Images

The United Nations Security Council votes on a resolution, in a file photo.

China could abstain from a vote and the measure could still pass. But tensions between the U.S. and China over other issues have intensified this year, and the bad blood is complicating Iran policy, say U.S. and European officials. The White House this week dispatched two of its most senior China hands to Beijing to discuss Iran—Deputy Secretary of State James Steinberg and the National Security Council's Asia director, Jeffrey Bader.

The U.S. has won unanimity each of the four times the U.N. Security Council has passed resolutions condemning Iran's nuclear work over the past five years, except for one vote by Indonesia in 2008. Diplomats say new sanctions watered down to overcome multiple countries' opposition could fall short of forcing Iran to abandon its pursuit of nuclear weapons. Iran says its nuclear program is peaceful.

The cooperation of the fast-growing economies of China, Brazil and Turkey is also crucial to successful implementation of any sanctions regime, whether endorsed by the U.N. or not.

The U.S. views Brazil as a crucial player in the global nuclear-power debate. In addition to its role on the Security Council, Brazil is also a leader among the "nonaligned" developing countries that have regularly defended Iran's right to enrich uranium and develop nuclear power.

Brazilian President da Silva said this week that Iran should be given more time to address international concerns about the potential military dimensions of its nuclear program. He again defended Tehran's right to develop nuclear technologies, though he said Brazil is against Iran developing atomic weapons.

Brazil's own aggressive, but peaceful, nuclear-development plans help explain its position. Brazil doesn't want sanctions against countries without what it considers hard proof of weapons programs. Energy-hungry Brazil wants reactors to feed its growing economy. Its navy is building a nuclear engine to power a submarine.

"I want for Iran the same thing that I want for Brazil, to use the development of nuclear energy for peaceful purposes," Mr. da Silva said. "If Iran is in agreement with this, then Iran will have the support of Brazil."

Brazil's support also reflects its growing economic reach and ambitions. Brazil is a major exporter of food to Iran. Mr. da Silva has tried to position Brazil as a voice for emerging nations and a mediator in global disputes. Its foreign minister, Mr. Amorim, describes his country as a "privileged interlocutor."

Brazil is the only country in the Western Hemisphere on good terms with all the other nations. Mr. da Silva may be the only leader to have hugged both George W. Bush and his outspoken foe, Venezuelan President Hugo Chávez.

The U.S.'s inability so far to nudge Brazil closer to its position also reflects the unexpected tension that has arisen between the nations in the past year. The U.S. and Brazil have butted heads over the handling of the coup in Honduras and over U.S. bases in Colombia. Brazilian officials were furious last year after Mrs. Clinton admonished Brazil for its engagement with Iran.

"Brazil wants to make it clear to the U.S. that it is not a country that can be lectured to," said Peter Hakim, president of think tank Inter-American Dialogue.

The tension has been a disappointment for U.S. officials, who hope that Brazil will become an important regional ally, bringing new economic might to Latin America and taking over the U.S.'s role as referee of disputes between leaders.

Turkey and Lebanon also continue to voice reluctance to support new sanctions, according to Western and Middle East diplomats. Turkish Prime Minister Recep Tayyip Erdogan has repeatedly played down the potential threat posed by Iran's nuclear-fuel program, comparing it with Israel's existing, if undeclared, nuclear arsenal and arguing the two should get equal attention. He has stressed Turkey's common border, history and trade with Iran, saying he wants to see the two countries' trade triple to $30 billion annually.

Turkish diplomats have sought to rework an IAEA-backed offer under which Iran would ship most of its low-enriched uranium to Western countries in return for aid in developing medical applications for Tehran's main research reactor. Turkey has coordinated with Washington on these Iran talks, Turkish and U.S. diplomats said. But the fear remains that Mr. Erdogan could seek to use these negotiations to further stall a move toward new sanctions at the U.N.

—Marc Champion in Istanbul contributed to this article.

Foreign-policy sage urges a nuanced U.S. stance on Iran

[Capital Journal]

By Gerald F. Seib

Iran is both today's paramount foreign-policy challenge, and a quandary of the first order. Its nuclear program keeps expanding, its concern about international opprobrium seems limited, and nobody can be sure the United Nations Security Council will screw up the courage to impose more economic sanctions.

So where do we go from here? Few have thought about that challenge longer or harder than Zbigniew Brzezinski, the provocative foreign-policy icon who was White House national security adviser when the Iranian revolution erupted three decades ago and has followed the case ever since.

In an interview, Mr. Brzezinski lays out his formula. Try to stop Iran's nuclear program, and make Tehran pay a price if it keeps pursuing it, but don't count too much on sanctions; offer a robust American defense umbrella to protect friends in the region if Iran crosses the nuclear threshold; give rhetorical support to Iran's opposition while accepting America's limited ability to help it; eschew thought of a preemptive attack on Iran's nuclear facilities; and keep talking to Tehran.

Above all: Play the long game, because time, demographics and generational change aren't on the side of the current regime.

"This is a country with a growing urban middle class, a country with fairly high access to higher education, a country where women play a great role in the professions," he says. "So it is a country which I think, basically, objectively is capable of moving the way Turkey has moved." That is, it can evolve into a country where Islam and modernity coexist, even if somewhat uncomfortably.

Mr. Brzezinski's views are noteworthy because he touches so many bases in the Iran debate. He hails from the hawkish wing of the Democratic party, yet has a record of working comfortably with Republican administrations.

He was President Jimmy Carter's national security adviser when the Iranian Islamic revolution exploded in 1979. More recently, he teamed up with current Defense Secretary Robert Gates on a milestone 2004 Council on Foreign Relations report that advocated that the U.S. begin to "engage selectively with Iran." Shortly thereafter, former President George W. Bush summoned Mr. Gates to be defense secretary, a job he retains under President Barack Obama.

Today, Mr. Brzezinski sees two American goals in Iran: "One is to prevent Iran from acquiring a nuclear weapon, assuming that is its objective, and to neutralize its strategic political significance if it does.

The second goal is to facilitate, carefully and cautiously, the political evolution in Iran toward a more acceptable regional role." As he notes, those two goals—stopping Iran's nuclear program while coaxing it into more responsible behavior—can conflict.

On the nuclear-weapons front: There's a chance, he thinks, that Iran isn't seeking to possess actual nuclear weapons, but trying to become "more like Japan, a proto-nuclear power" with a demonstrated ability to make nuclear arms without actually crossing that line.

But it's impossible to know. And if a halt to Iran's nuclear program can't be negotiated, "then I think we have no choice but to impose sanctions on Iran, isolate it." But sanctions alone, he says, won't "determine the outcome."

So if Iran crosses the line, the U.S. should "make commitments to any country nearby that America would see itself engaged if Iran threatened to use nuclear weapons against that country, or worse, if it used them."

What does being "engaged" mean, exactly? "That means if [the Iranians] attack somebody, we have to strike at them," Mr. Brzezinski says bluntly. "I don't think every country in the region would want to have a formal agreement with the U.S. Some would want an understanding."

This American defense umbrella "should be sufficient to deter Iran," Mr. Brzezinski says. He thinks it significant that Ehud Barak, the defense minister of Israel, the nation most threatened by Iran's nuclear program, said in a Washington speech last week that Iranian leaders were "sophisticated" enough to "fully understand what might follow" actual use of nuclear arms, and likely would use them for intimidation.

Meantime, on changing Iran's character: The U.S. should adopt "a kind of posture of support and endorsement" of the forces inside Iran now openly opposing Iranian President Mahmoud Ahmadinejad, Mr. Brzezinski says, without deluding itself into it has the ability to propel a regime change.

Crucially, Mr. Brzezinski instead thinks forces at work within Iran will undermine the regime over time, so long as the U.S. and the West don't take actions that actually interfere with that process.

Thus, it's important to craft sanctions in a way that "doesn't stimulate more anti-Westernism, or a fusion of Islamic extremism and nationalism." He'd keep talking to Iran too: "Most major issues internationally that have been resolved by negotiation have involved negotiations over a long period of time."

And he would avoid at all costs a military strike at Iran's nuclear facilities. Iran, he said, would make no distinction between an Israeli or an American strike. "The Iranians would strike out at us, in Afghanistan, in Iraq, in the Strait of Hormuz." If energy prices then soar, "we will suffer, the Chinese will suffer, the Russians will be the beneficiaries. The Europeans will have to go to the Russians for energy."

ECB to sustain liquidity

Trichet says Greece shouldn't turn to IMF; BOE holds rates steady

By Terence Roth
And Nina Koeppen

FRANKFURT—European Central Bank President Jean-Claude Trichet eased investors' concerns Thursday about a possible liquidity squeeze, noting that the central bank will continue to provide euro-zone banks with as much liquidity as needed through its main refinancing operations.

Mr. Trichet also said it would be inappropriate for Greece to apply to the International Monetary Fund for assistance. A Greek government spokesman said earlier Thursday the country couldn't rule out the possibility of seeking help from the IMF to solve its debt problems.

The ECB will continue to conduct its weekly refinancing operations as fixed-rate tenders with full allotment for as long as is needed, and at least until Oct. 12, Mr. Trichet said at a monthly news conference after the central bank left its benchmark interest rate unchanged at 1%.

The ECB also decided Thursday that the rate of its last six-month tender, to be allotted on March 31, will be fixed at the average minimum bid rate of the bank's main refinancing operations. After March, none of the ECB's operations will be longer than the three-month tenders the bank had offered since its inception in 1999.

The three-month tenders will shift from a fixed-rate system to an auction process as of April 28, Mr. Trichet said. The intended volumes of three-month tenders will be disclosed in advance.

On the economy, Mr. Trichet said the recovery is expected to continue at a moderate pace and inflation to stay subdued over the medium term. Current ECB interest rates remain "appropriate," he said.

But Mr. Trichet urged governments to begin planning exit strategies from recession-era stimulus programs and to start winding down budget deficits in 2011.

The ECB chief remained guarded in his comments about the euro zone's economic recovery.

Mr. Trichet welcomed the austerity budget package outlined by Greece Wednesday, describing its savings package as a "convincing" step to reducing its large deficit.

The Greek government has expressed concern at the lack of detailed support the EU might be considering to shore up confidence in Greek borrowing. Senior Greek officials have suggested that a lack of firm help from larger EU countries could force it so seek help from the IMF, a step EU officials oppose.

"It would not be appropriate to have the IMF to be a supplier of help," Mr. Trichet said, taking the view shared by other policy makers in the 16-country euro zone. "What is extremely important in short run is to commit Greece to be back on its feet," he said.

Mr. Trichet remained guarded in his comments about the euro zone's recovery, which has shown signs of slowing since late 2009. Indications that the recovery stalled in the first quarter have shifted expectations. The ECB isn't expected to tighten rates until late 2010, or beyond.

The central bank president noted that the banking system was still showing difficulty getting credit to consumers, but cautioned that the central bank didn't want to sustain its additional liquidity measures for longer than was needed. "Overall, the governing council expects the euro-area economy to grow at a moderate pace in 2010, in an environment marked by continued uncertainty," he said.

The Bank of England's Monetary Policy Committee, meanwhile, voted to keep policy unchanged and extremely loose, despite signs that the recovery is gathering pace.

BOE policymakers, however, have emphasized that they could increase the central bank's bond-buying program if the U.K.'s economic recovery begins to falter, and appear unlikely to tighten policy soon.

—Natasha Brereton contributed to this article.

Greece's bond offer gets good response

By Michael Wilson
And Costas Paris

The Greek government's offering for a 10-year bond attracted about €14.5 billion ($19.86 billion) in bids and the books have closed, the head of the country's debt-management agency said Thursday.

"We are very happy with the bid because re-entry into the market is always challenging. It went very well," Petros Christodoulou said. The government aimed to raise €5 billion from the offering but it was heavily oversubscribed.

The offering—timed to coincide with an improving market for Greek government debt after tough budget cuts announced a day earlier—is a move to help cover short-term funding gaps. Lead managers are Barclays Capital, HSBC Holdings, National Bank of Greece, Nomura Holdings and Piraeus Bank SA, according to on lead manager.

Adjusted price guidance for the new issue is three percentage points over the benchmark risk-free midswaps rate, reflecting market demand for a premium.

An issue size of €5 billion for the new 10-year bond "would be a good result" but not enough to fully cover Greece's near-term funding needs, said UniCredit strategist Luca Cazzulani.

Greek bond yields in secondary markets moved up on the news. The yield spread between Greek 10-year government bonds over equivalent German government bonds widened to around 3.03 percentage points from Wednesday's 2.92 points.

The cost of insuring Greek sovereign debt against default also rose slightly. The price of Greece's five-year sovereign credit-default swaps increased to 3.050 percentage points, from 2.945 points, representing a €10,500 increase in the annual cost of insuring €10 million of debt for five years.

Greece, the European Union's most indebted country, will face its biggest challenge in April and May, when more than €20 billion of debt comes due for repayment. So far, Greece has raised €13.6 billion via the sale of Treasury bills and an €8 billion bond syndication, the Public Debt Management Agency said. Greece plans to issue a total of €54 billion in debt this year.

While Greece has been encouraged by its ability to raise funds from public markets, the cost of issuing new bonds remains high. The yield on 10-year Greek government bonds has risen to as high as 3.40 percentage points over equivalent German bunds, from around 0.2 percentage point before the start of the financial crisis.

Greece is rated A2 by Moody's Investors Service and triple-B-plus by Standard & Poor's Corp. and Fitch Ratings Inc.

Obama makes final push to overhaul health care

By Laura Meckler
And Janet Adamy

U.S. President Barack Obama opened the final act of a year-long drama over health-care legislation Wednesday, calling on Democrats in Congress to approve the sweeping bill despite political risks and Republican opposition.

The president vowed to rally Americans and wavering lawmakers alike. White House aides said a pair of trips next week will be followed by a stream of public and private lobbying. The White House wants final votes by month's end.

"At stake right now is not just our ability to solve this problem, but our ability to solve any problem," Mr. Obama told a crowd of white-coated doctors and nurses in the East Room, where a year ago he started the drive for the legislation.

With polls showing that the legislation is unpopular and congressional Democrats bracing for big losses in this fall's elections, the president urged them to ignore the politics. "I do not know how this plays politically, but I know it's right," he said. "Let's get it done."

Democrats and the White House are balancing high risks and rewards. Passing the health overhaul would fulfill a decades-old Democratic dream, bringing insurance to some 30 million Americans, and represent the greatest expansion of coverage since Medicare was created in 1965. But if the public judges the overhaul harshly, it is likely to cost some Democrats their seats, and the party's majority in the House could be at risk.

The White House argues that, despite the negative poll numbers, Americans will like the measure if it becomes law, since the focus then could shift from the legislative process to the measure's impact. Polling does find stronger support for the bill's individual provisions than for the package as a whole.

Mr. Obama Wednesday also highlighted a handful of Republican ideas used in the legislation. Republicans dismissed the gesture as insufficient.

"You can't add a couple of Republican sprinkles on the top of a 2,700-page bill and claim that it's bipartisan," said House Minority Leader John Boehner (R., Ohio).

Rejecting Republican calls to start again, the president said that given the "honest and substantial differences between the parties," there was no point. "Everything there is to say about health care has been said," he said to laughter, "and just about everybody has said it."

For the first time, the president explicitly called on Congress to use a procedural technique that will let the Senate give its final approval with a simple majority vote.

He didn't use the word for that technique—"reconciliation"—but characterized the process as a way of calling a simple "up or down vote" that has been used for big bills before.

Republicans say the reconciliation process was never intended for such major legislation. "History is clear: Big legislation always requires big majorities," Senate Minority Leader Mitch McConnell (R., Ky.) said on the floor Wednesday.

WORLD NEWS

U.S. redraws Afghanistan command

Coalition prepares to establish new military headquarters in the south before major surge offensive begins

By Yochi J. Dreazen

WASHINGTON—The U.S. and its allies are working to create a new American-led military command in southern Afghanistan, setting the stage for a large-scale offensive into the Taliban stronghold of Kandahar.

Senior military officials say the new command will manage all military operations in Helmand province, including the continuing campaign in Marjah. The plan would allow the existing British-led command in southern Afghanistan to focus on the Kandahar campaign.

Many of the 30,000 U.S. reinforcements being deployed to Afghanistan will take part in the assault on Kandahar, the most populous city in southern Afghanistan and the Taliban's spiritual birthplace.

U.S. and British commanders plan to deploy the additional troops to build a security cordon around the city to make it harder for Taliban fighters to intimidate local residents or assassinate Afghan government officials and security personnel there.

As with Marjah, senior U.S. personnel are publicly telegraphing the Kandahar campaign, which will likely start this summer. A senior White House official said last week that the Marjah campaign—the coalition's largest offensive since 2001—was a "tactical prelude" to a substantially bigger assault on Kandahar.

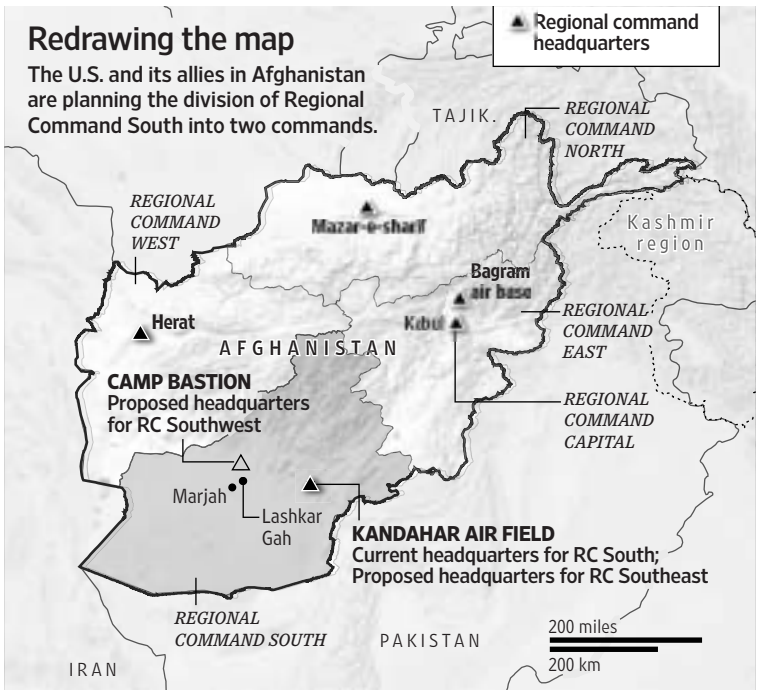
"Bringing security, comprehensive population security, to Kandahar city is really the centerpiece of operations this year," the official said.

All military operations in both Helmand and neighboring Kandahar province are currently managed by Regional Command South, which has its headquarters at the sprawling Kandahar Air Field and is currently led by a British general. Under the new plan that organization will be renamed Regional Command Southeast and directed to focus exclusively on the upcoming Kandahar campaign.

At the same time, the U.S. will build a new command, Regional Command Southwest, at Camp Bastion, a rapidly expanding American base near Lashkar Gah, Helmand's capital. The command will be headed by a two-star Marine general, who hasn't yet been tapped for the post.

European Pressphoto Agency

International troops gather at Camp Bastion, proposed base of a new regional command, before the Marjah offensive began in mid-February, in a photo provided by the British military.



"This is the answer to how we'll array our troops and reorient the commands to meet the mission on the ground," said a senior military official familiar with the plan. "It's basically a done deal."

The new command would work closely with Afghan President Hamid Karzai, who senior U.S. officials are trying to turn into more of a wartime leader. Mr. Karzai was briefed repeatedly on the plans for the Marjah offensive and asked to give it his formal approval, in part so the Afghan government would feel ownership of the campaign there. Mr. Karzai is likely to have a similar role in the run-up to the Kandahar campaign.

The idea for the changes in the command structure originated with Gen. Stanley McChrystal, the top Western military officer in Afghanistan.

Rear Adm. Greg Smith, a spokesman for Gen. McChrystal, said the commander's strategic review of the war effort last summer concluded that the main military offensives going forward would all be in southern Afghanistan and "that the number of forces would exceed the command and control capacity of a single regional commander."

Adm. Smith said he expected a final decision on the command changes within the next month.

Regional Command South is led by British Maj. Gen. Nick Carter, the architect of the Marjah offensive. With a new command established, Gen. Carter would shift his focus to Kandahar, leaving the incoming U.S. general to oversee operations in Helmand.

Gen. Carter is set to relinquish his command to a U.S. army general late next year as part of a standard rotation of authority, putting American officers at the helm of military headquarters in eastern and southern Afghanistan, the war's main battlegrounds.

The Afghan central government has little sway in Kandahar, a city of over 800,000 people, and many residents say they have been effectively abandoned by Kabul.

North Atlantic Treaty Organization officials say the Taliban have been able to take advantage of the paucity of foreign troops in and around Kandahar. Kandahar Air Field is one of the largest NATO facilities in Afghanistan, but most of the Western troops who live there stay within the confines of the base.

Until recently, there were 2,000 Canadian and American troops patrolling Kandahar province, a small fraction of the troops deployed to Helmand and other regional hotspots.

Those numbers will increase substantially in coming months. The U.S. will send at least one new brigade from the Army's 101st Airborne Division to Kandahar later this spring, which will push Western troop levels up by at least 4,000.

Gen. McChrystal and other top U.S. officials hope the upcoming offensive will bring the city back under Afghan government control.

"If our overall goal for 2010 is to reverse the momentum and gain time and space for the Afghan capacity, we have to get to Kandahar this year," a senior administration official said.

Arab nations back a U.S. plan for peace talks

By Joshua Mitnick in Tel Aviv and Jay Solomon in Washington

Arab League foreign ministers endorsed a U.S.-backed plan for indirect peace talks between Palestinians and Israel, raising hopes in Washington that official talks between the two sides could resume for the first time in more than a year.

The Obama administration's point man on Middle East peace, former U.S. Senator George Mitchell, is expected to arrive in Israel over the weekend, followed by a high-level delegation headed by Vice President Joe Biden.

U.S. officials hope Mr. Mitchell's team could begin mediating between the Israelis and the Palestinians on the basis for an independent Palestinian state as early as next week. Momentum from those talks, U.S. officials said Wednesday, could then give impetus for the Israelis and Palestinians to resume direct negotiations.

"Once beginning the process, we think that it has the potential to create a dynamic that will...create some momentum," State Department spokesman P.J. Crowley said Wednesday.

U.S. officials played down the idea that Mr. Biden could formally announce a resumption of dialogue during his visit to Jerusalem, the West Bank, Jordan and Egypt. But they did say his presence might move the process forward.

The Arab League's vote gives Palestinian President Mahmoud Abbas political backing from friendly, regional Arab states to agree to resume talks.

Mr. Abbas has steadfastly refused to enter into direct negotiations until Israel stops West Bank settlement construction. Without Arab backing, agreeing to even indirect talks may have looked like a concession.

Palestinian officials signaled they would take the U.S. up on its recent offer of hosting the indirect negotiations, or "proximity talks," between the two sides.

"This is a last chance because the Arabs are really fed up with the process," said Palestinian negotiator Saeb Erekat, speaking by telephone from Cairo. He described the decision as a good-faith gesture to American mediators, who have been pressing hard for some sort of resumption.

Mr. Erekat said final decisions on the talks will be made this weekend by the Palestine Liberation Organization's Executive Committee and the Fatah Party's Central Committee. The Palestinians will then deliver a formal answer to the U.S. next week, he said.

President Barack Obama has made re-energizing Palestinian-Israeli talks a key foreign-policy platform, but he has made little progress after a year of shuttle diplomacy by Mr. Mitchell. A spokesman for the U.S. Embassy in Israel declined to comment.

The Arab endorsement could boost U.S. hopes for an eventual return to full, direct talks. The Arab League signaled it was less optimistic. It recommended a four-month deadline to show progress, reflecting Palestinian and Arab skepticism about the prospects for reaching an agreement with the government of Israeli Prime Minister Benjamin Netanyahu.

"Despite the lack of conviction in the seriousness of the Israeli side, the committee sees that it would give the indirect talks the chance as a last attempt and to facilitate the U.S. role," said Arab League Secretary-General Amr Moussa, reading from a statement.

Israel praised the decision. "Prime Minister Netanyahu has been calling continuously for the resumption of peace talks, and we hope now that the talks can move forward," said Mark Regev, the prime minister's spokesman.

On Wednesday, Mr. Netanyahu said in parliament that he believes "conditions are ripening"' for talks. "The world understands that this government seeks negotiations."

Direct talks broke down in late 2008, after Israel launched a military offensive in the Gaza Strip, which is controlled by the Palestinian militant group Hamas. In Damascus Wednesday, Hamas denounced the Arab League's decision, saying it gives Israel a cover to keep expanding settlements, the Associated Press reported.

It is still unclear what format the talks will take. Washington has suggested U.S. officials would serve as intermediaries in the talks between the two sides, but little else has been publicly hammered out.

WORLD NEWS

European PressPhoto Agency

Venezuelan President Hugo Chavez, left, greets Chinese Minister of the National Commission of Reform and Development Zhang Ping in Caracas, on Dec. 22, 2009.

Chávez looks to China

Venezuelan leader shuns IMF in favor of credit-for-oil deal

By Dan Molinski

CARACAS—China has become a much-needed funding source for recession-racked Venezuela, as well as a welcome alternative to the International Monetary Fund, which President Hugo Chávez continues to shun.

Mr. Chávez, a socialist who for years has been cultivating strong ties with China, said last week that Venezuela has already spent most of the $8 billion Beijing recently loaned it in exchange for shipments of oil. He said he likes the arrangement so much so that he is asking for more.

"They [China] have provided $8 billion, and we're talking about them bumping that up to near $20 billion," Mr. Chávez said. "That's our proposal, and it's being discussed now."

The credit-for-oil arrangement benefits Venezuela, which puts the money in a fund used mostly for job-creating infrastructure projects as its oil-dependent economy reels from the impact of lower crude prices. Gross domestic product shrank 3.3% last year.

It also benefits China, which has plenty of access to dollars through its massive holdings of U.S. Treasury bonds, but faces increasing oil needs to fuel its robust economic growth.

After oil prices soared to records in mid-2008, China accelerated the reconfiguration of state-run refineries to handle more of the cheaper, heavy crudes—the kind Venezuela produces.

Officials at the Export-Import Bank of China and the China Development Bank were unable to provide information regarding the Venezuela fund.

The two banks have been involved in four credit-for-oil deals that China has signed since the start of last year—with Russia, Brazil, Kazakhstan, and Venezuela.

Mr. Chávez says the IMF and other Washington-based multilateral lenders have forced "savage neoliberalism" on Latin America and other regions in return for low-interest loans.

"When Venezuela used to get financing, the IMF would come here and impose conditions and rules, and sometimes it would even dismantle our laws," Mr. Chávez said last week. "But now, with China and Venezuela, we're on equal footing."

An IMF official in Washington said the institution wouldn't comment on Mr. Chávez's remarks.

While other Latin American countries have gone to the IMF for loans during the past decade, Mr. Chávez has never in his 11 years in power asked the organization for money, not even when the Venezuelan economy was going through some rough patches.

IMF country loans often arrive tagged with a requirement that the government undergo macroeconomic reforms such as privatizing unprofitable state concerns, reducing public spending, and meeting strict fiscal targets.

IMF conditions on loans "go against Chávez's DNA," said Boris Segura, an economist with the Royal Bank of Scotland, who said it is unlikely Mr. Chávez and the IMF would ever agree to a loan deal.

The deal with the Chinese has the added benefit of boosting Venezuela's oil deliveries to China, which could help Mr. Chávez in his efforts to reduce oil sales to the U.S., currently the main buyer of Venezuelan crude.

Venezuela currently produces about 2.3 million barrels of crude oil a day, according to independent estimates.

—Simon Hall in Beijing and David Winning in Sydney contributed to this article.

Yukos damages case opens in Europe

Associated Press

STRASBOURG, France—The Russian government deliberately sought to "destroy" the now-defunct oil giant Yukos in a politically motivated effort, a lawyer for the company argued Thursday before the European Court of Human Rights in seeking nearly $100 billion in damages.

Thursday's long-awaited hearing marked a milestone in Yukos's efforts to win acknowledgment that the Russian government's actions against it were "unlawful, disproportionate, arbitrary and discriminatory, and amounted to disguised expropriation" of what was once the government's second-largest source of tax revenue.

It was the first time since Yukos's claim against Russia was filed in April 2004 that lawyers for the two sides have presented arguments face to face in the court, which deals with violations of the 1950 European Convention on Human Rights. Western diplomatic observers and Russian human-rights activists also attended.

An adverse judgment would be highly embarrassing to the Kremlin and a blow to efforts to draw international investors back to the country, while a court finding that no violation had been committed would vindicate the Russian government's relentless pursuit of Yukos and its Russian executives.

Yukos has submitted a claim for $98 billion in damages, the largest in the court's 50-year history. The court normally awards damages of much smaller amounts. Its judgments are binding.

No matter the outcome, Yukos executives expressed satisfaction that the case had made it this far. "It is our first chance to have the Yukos saga heard in a completely independent, fair environment," said former Yukos CEO Steve Theede, in a news conference from Houston after the hearing. He said major stakeholders and some 50,000 shareholders could benefit if the court awarded monetary damages.

Russian authorities had accused Yukos of using shell companies to hide revenue from tax authorities. Yukos founder Mikhail Khodorkovsky, who is in prison in Moscow, has claimed Russian authorities illegally drove the company out of business. Russian authorities began pursuing Yukos in 2003.

The Mart

AUCTIONS

RED BARON'S AUCTION
MARCH 13TH & 14TH

"Flying Car" six-winged Roadable Aeroplane designed by Frank E. Skroback, Circa 1935.

Naturally occurring, GIA certified 4.02 CT Brilliant cut Fancy Pink Diamond with TCW diamond surround in platinum.

1957 Ford Thunderbird convertible in White with both hard and soft tops.

"Bonneville" one-of-a-kind boat-car vehicle sculpture.

These are just a few of the over 2500 lots up for auction!

PREVIEW PARTY: MARCH 12TH, 7PM - 10PM FOR REGISTERED BIDDERS ONLY, SO CALL TODAY TO REGISTER!

AUCTION SCHEDULE: MARCH 13TH, 9AM - 9PM MARCH 14TH, 9AM - 9PM

FOR A FREE COLOR CATALOG, CONTACT:
RED BARON'S DEPT. WJS 6450 ROSWELL RD.,
ATLANTA, GA 30328 · 404.252.3770
FAX 404.257.0268 · WWW.RBANTIQUES.COM

GAL #C2052

CAPITAL WANTED

Investors Wanted

Universal Land Investment & Development, LLC

California Bargain Priced Real Estate. Once in a lifetime opportunity to buy below replacement cost properties (finished buildable lot subdivisions and commercial properties) at a small fraction of original prices. Investors, JV partners wanted with $1 million to $50 million. Offered by a highly rated attorney and real estate company w/over 75 yrs. of investment experience.

Contact: Anthony Smernes:
Tel 916-719-3297 Fax-916-928-3050
anthony@smernes.com
Daniel Nickles: 209-988-3399

BOATING

168' Trinity M/Y
Delivery 17 months
BUYER DEFAULT
Great Opportunity!
1 954 646 3090

BUSINESSES FOR SALE

Have Your Own Piece of Vegas Nightlife!

VegasClubSale@yahoo.com

Your ticket to owning a gentlemen's club in the heart of Las Vegas. A rare opportunity for a unique buyer!

BUSINESS OPPORTUNITIES

Own an Energy Conservation Business

Energy Automation Systems, Incorporated. Tap into decades of experience and skill to enjoy an exciting and profitable career as an independent EASI affiliate.

For Information call 615-822-7250 or www.energysavingbusiness.com

BUSINESS OPPORTUNITIES

BETTER THAN BONDS

Want a long term bed rock investment that won't crumble? This smooth running niche Florida business made a profit while others failed. Needs only minimum monthly communication oversight. Cost $1.8M.

Contact: Peter Dieterich
941-698-9991

OIL ROYALTY FOR SALE

FSBO oil royalty in OK on a 640 acre tract generating $1,200/mo. income. Two oil wells with room for additional drilling. Major oil company is the oil purchaser. $32,500 firm.

For additional information, please email me at: oilproperty@yahoo.com

BUSINESS SERVICES

Need a Plan to Launch, Acquire or Expand a Business?

Since 1974 our institutional business plans have raised billions in equity and debt funding for our clients worldwide!

www.StillmanGeorge.com
info@stillmangeorge.com

CAPITAL WANTED

RAINMAKER NEEDED

STARTUP WANTING TO GO PUBLIC.

Need funds & person to get us there.

We are a law enforcement tech co.

Looking to raise $10 to $12 million now.

Call Rick 214-202-7906

Paul Ryan v. the President

'Every argument has been made. Everything that there is to say about health care has been said, and just about everybody has said it," President Obama declared Wednesday as he urged Democrats to steamroll his plan through Congress. What *hasn't* been heard, however, is even a shred of White House honesty about the true costs of ObamaCare, or its fiscal consequences.

> The Republican dissects ObamaCare's real costs. Democrats stay mute.

Wisconsin Republican Paul Ryan's remarks at the health summit last week methodically dismantled the falsehoods—there is no other way of putting it—that Mr. Obama has used to sell "reform" and repeated again Wednesday. No one in the political class has even tried to refute Mr. Ryan's arguments, though he made them directly to the President and his allies, no doubt because they are irrefutable. If Democrats are willing to ignore overwhelming public opposition to ObamaCare and pass it anyway, then what's a trifling dispute over a couple of trillion dollars?

At his press conference Wednesday, Mr. Obama claimed that "my proposal would bring down the cost of health care for millions—families, businesses and the federal government." He said it is "fully paid for" and "brings down our deficit by up to $1 trillion over the next two decades." Never before has a vast new entitlement been sold on the basis of fiscal responsibility, and one reason ObamaCare is so unpopular is that Americans understand the contradiction between untold new government subsidies and claims of spending restraint. They know a Big Con when they hear one.

Mr. Obama's fiscal assertions are possible only because of the fraudulent accounting and budget gimmicks that Democrats spent months calibrating. Readers can find the gory details in Mr. Ryan's pre-emptive rebuttal, though one of the most egregious deceptions is that the bill counts 10 years of taxes but only six years of spending.

The real cost over a decade is about $2.3 trillion on paper, Mr. Ryan estimates, and even that is a lowball estimate considering how many people will flood to "free" health care and how many businesses will be induced to drop coverage. Mr. Obama claimed Wednesday that the plan will cost "about $100 billion per year," but in fact the costs ramp up each year the program exists. The far more likely deficits are $460 billion over the first 10 years, and $1.4 trillion over the next 10.

What Mr. Ryan calls "probably the most cynical gimmick" deserves special attention, which is known in Washington as the "doc fix." Next month Medicare physician payments are scheduled to be cut by 22% and deeper thereafter, though Congress is sure to postpone the reductions as it always does. Failing to account for this inevitability takes nearly a quarter-trillion dollars off the ObamaCare books and by itself wipes out the "savings" that the White House continues to take credit for.

Paul Ryan

Some in the liberal cheering section now claim that this Medicare ruse isn't Mr. Obama's problem because it was first promised by Republicans and Bill Clinton in 1997. But then why did Democrats include the "doc fix" in all early versions of the bill to buy the support of the American Medical Association, only to dump this pricey item later when hiding it would make it easier to fake-reduce the deficit?

The President was (miraculously) struck dumb by Mr. Ryan's critique, and in his response drifted off into an irrelevant tangent about Medicare Advantage, while California Democrat Xavier Becerra claimed "you essentially said you can't trust the Congressional Budget Office." But Mr. Ryan was careful to note that he didn't doubt the professionalism of CBO, only the truthfulness of the Democratic gimmicks that the budget gnomes are asked to score.

Wednesday Mr. Obama again invoked the "nonpartisan, independent" authority of CBO, which misses the reality that if you feed the agency phony premises, you are going to get phony results at the other end.

The President also claimed the reason his plan is in trouble, and the reason Democrats must abuse the Senate's rules to ram this plan into law, is that "many Republicans in Congress just have a fundamental disagreement over whether we should have more or less oversight of insurance companies." So most of Mr. Obama's first year in office has been paralyzed over nothing more than minor regulatory hair-splitting. This is so preposterous that the President can't possibly believe it.

Congress's spring break begins on March 29, and Democratic leaders plan on jamming this monster through Congress before then. Americans have to hope that enough rank-and-file Democrats aren't as deaf to fiscal honesty as this President.

Laboring for Reform in China

China's Communist Party has a habit of shuttering media outlets that push too hard for political or economic reform. Which makes it remarkable that 13 major newspapers called in unison this week for further labor market liberalization.

It's long overdue. The remnants of China's 1950s-era household registration system, or *hukou*, restricts workers' ability to access social benefits outside their hometown. As China's economy has boomed over the last 20 years, some 230 rural migrants have flooded into cities looking for work. They are denied government services like health care, education, pensions and insurance. Concerns about social unrest are rising.

> Command-and-control economic policies run up against reality.

The editorial published Monday by the 13 newspapers highlighted the inequalities caused by this system, which privileges urban-dwellers over the vast rural population. Within hours the editorial was removed from the newspapers' Web sites, presumably at the behest of censors.

Premier Wen Jiabao acknowledged the need for reform in a staged Web "chat" last weekend, and promised to address it at this year's legislative session, which kicks off today. That's a good start. But Party officials have promised a substantive overhaul before, and then backed down under pressure from municipal governments, which don't want the added burden of providing benefits for rural migrants.

Which raises the bigger question for China's leaders: When will they realize the limits of command-and-control economics? The hukou system is emblematic of what happens when bureaucrats try to control market forces, in a country whose citizens are straining to embrace them to better their lives. Sooner or later, the market wins.

A Tale of Two Governors

So much for the argument that voters are simply in an anti-incumbent mood. Tuesday's election results from the Lone Star State blew apart this media trope and threatened further electoral damage to politicians who ignore the warnings.

Governor Rick Perry is the longest-serving governor in Texas history—in office since 2000. Yet he cruised to victory in the GOP primary, winning 51% in a three-way race. Mr. Perry dispatched both Tea Partier Debra Medina and the popular U.S. Senator Kay Bailey Hutchison because the Texas economy is in better shape than the rest of the country and he ran against Washington, D.C.

Senator Hutchison hit Mr. Perry for his long tenure and some dubious policy decisions that favored the clients of longtime aides, but she could never free herself of the Beltway taint or explain why she should supplant a fellow Republican.

As for Ms. Medina, even before making bizarre comments (later amended) about a possible government role in the 9/11 attacks, she trailed well behind Mr. Perry. His history of fiscal restraint made him less vulnerable to a challenge from outside the party establishment.

> What the fates of Charlie Crist and Rick Perry say about America's public mood.

On the Democratic side, voters also rejected an outsider. Hair-care magnate Farouk Shami spent millions on his maverick campaign but proposed increasing the state's gas tax, while former Houston Mayor Bill White declined to endorse the gas tax increase. Democrats chose Mr. White.

Mr. Perry's success highlights a revealing tale of two Governors, given the struggles of his fellow Republican Charlie Crist in Florida. While Mr. Perry won his primary, Mr. Crist has surrendered a huge lead and now trails upstart conservative Marco Rubio in their race for the GOP nomination for a U.S. Senate seat.

The different political fortunes have a lot to do with their relative distance from Washington policies. While Mr. Perry has loudly condemned ObamaCare, Mr. Crist has waffled. Mr. Crist embraced not only the President's "stimulus" bill but the President himself during a now-infamous moment. Mr. Perry refused stimulus dollars for unemployment insurance and education because the funds would simply have increased the demand for state money once the federal aid runs out.

Mr. Crist approved a $2.2 billion tax increase for the fiscal 2010 budget, even though he had promised that "stimulus" money would obviate the need for tax increases. Regardless of Washington's plans to distribute taxpayer money, Mr. Perry has shown a willingness to cut spending, and during his tenure enacted tax relief for businesses and property owners.

There's also a lesson here for Republicans seeking to run away from the Tea Party movement lest they offend the Beltway press corps. Adding up Mr. Perry's 51% and Ms. Medina's 18% means that 69% of Texas Republicans voted for conservative populists. Their brand of conservatism won't sell everywhere, but Mr. Perry's win shows that the way to victory is not to demean and ignore Tea Partiers but to marshal them into a coalition.

The unifying message is opposition to Mr. Obama's dependency agenda and Washington's grab for more money and power.

OPINION

The IMF's Inflation Illusion

By Axel A. Weber
And Philipp Hildebrand

The International Monetary Fund's chief economist, Olivier Blanchard, recently published a paper ("Rethinking Macroeconomic Policy") that attempts to distill preliminary lessons from the financial crisis. The paper contains much that is useful and worthy of further consideration—but it also suggests that central banks should aim for higher inflation during normal times, say 4%.

Central banks would sacrifice hard-won credibility by aiming at a 4% annual cost-of-living target.

Such an inflation target, the argument goes, would lead to higher nominal interest rates and therefore give more room for monetary policy to be eased during times of crisis. This argument is severely flawed and its timing highly unfortunate, if not imprudent.

The basic assumption behind the suggestion of a higher target inflation rate is simply wrong. As the recent crisis has vividly illustrated, monetary policy is not powerless once the short-term interest rate is close to zero. The Bundesbank and the Swiss National Bank have argued for some time that short-term interest rates are not the only means by which monetary policy effect the economy. "Unconventional" measures, such as longer-term refinancing opportunities, liquidity facilities and asset purchases have been effective in further stimulating the economy.

There is little reason to believe that having a few additional percentage points to cut short-term interest rates would have been more effective. In short, an interest rate of zero is less of a problem for monetary policy making than Mr. Blanchard and his co-authors assume. The alleged potential benefit of higher inflation for macroeconomic stability is therefore grossly overstated.

More importantly, a higher inflation target comes with severe macroeconomic costs. First and foremost, it would greatly undermine macroeconomic stability by raising inflation expectations.

Corbis

It is an illusion to believe that central banks could engineer the transition to a substantially higher level of inflation without risking the credibility they have built up over the past decades. Assume central banks were to aim for 4% inflation rather than 2% after this crisis. Why should the public not fear further slippage after the next crisis? Both the Swiss and the German central banks have been front-runners in promoting credible policies geared at maintaining price stability. These experiences must not be sacrificed for ill-founded, short-term considerations.

There is a strong case for central banks to commit to price stability rather than aiming for higher inflation as proposed by Mr. Blanchard. Price stability is a crucial public good—crucial for economic growth and prosperity, and also for social stability. This is a lesson from history the citizens of our respective countries of which the citizens of our respective countries are deeply aware. Moreover, the weakest members of society typically suffer the most from inflation because they have only limited possibilities to protect themselves against it.

In the current environment of high fiscal deficits and rising public debt, it is particularly important that central banks make a credible commitment o maintain price stability. Adding to public concerns about inflation risks in the current environment is dangerous. Suggestions from the IMF chief economist that central banks should aim for higher inflation could be misinterpreted as a signal that central banks are being roped into devaluing government debt through inflation.

The public's understanding of, and trust in, central banks and their commitment to price stability is essential for the ongoing effectiveness of monetary policy. Eroding central bank credibility through higher inflation targets does not contribute to improving macroeconomic stability. Nor does it equip policy makers against future shocks. Quite the contrary.

Mr. Weber is president of the Deutsche Bundesbank. Mr. Hildebrand is chairman of the governing board of the Swiss National Bank.

The Terror of Bollywood

By Arun Venugopal

Can "The Hurt Locker" win the Academy Award for Best Picture? For movie fans outside the U.S., it's a moot point—it earned just $4 million abroad. The film suffers from the bigger problem afflicting post-9/11 movies about Iraq and the global war on terror: They tend to be weighed down by their own dull historicity and obsession with America's conduct in the war, and they often fail to address the core issue: Islamic radicalism. Enter Bollywood.

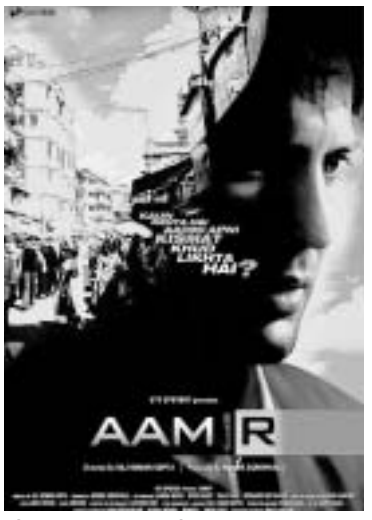
While American blockbusters shy away from Islamist villains, Indian films give them a showing.

Back in the carefree 1990s, Hollywood's take on terrorism—"True Lies," "Die Hard 2," "Air Force One"—was fun and spectacularly successful. These were essentially live-action cartoons, in which an evil Arab was just as script-worthy as an evil Kazakh. But even before the World Trade Center attacks, Hollywood got cold feet. Under pressure from Islamic groups tired of googly-eyed jihadi villains, it scrubbed many Muslim terrorists out of screenplays. In the name of political correctness the industry shifted from caricature to avoidance, and in the process became irrelevant.

Not so in Bollywood, however, where terrorism narratives are pursued full throttle, and where Islamic radicalism and the suffering it causes come together in extravagant form. Whereas Hollywood focuses on bumptious American bureaucrats and politicians, troubled soldiers and ruthlessly efficient superagents, India makes movies about actual terrorists, based on its long, painful history of domestic extremism.

In Indian movies, the terrorist isn't some veiled abstraction: He's your brother ("Fiza," 2000) or house guest ("Black and White," 2008) or the woman you couldn't live without ("Dil Se," 1998). Their torment—over Kashmir, or U.S. foreign policy, or killings at the hands of Hindus in Gujarat—is writ large. When it cannot be expressed through dialogue, it's expressed through song.

Over the top? Yes, some of these films definitely are. They're movies with big, bold emotions, featuring characters who care openly about their cause, whether they're extremists trying to destroy the country or vigilantes trying to save it ("A Wednesday!" 2008). Indian films tackle the big questions: What motivates someone to commit mass murder? Can a terrorist be reformed? And can even a suicide bomber love, or be loved? By contrast, even Hollywood's most engaging efforts on the subject, like the TV show "24," are more about plot and pacing and getting to the bomb in time.



UTV Spotboy films via Bloomberg News

The 'Aamir' example

Bollywood has the enormous advantage of cultural proximity. India contains a large Muslim community, people who are not just watching movies but quite often scripting them, composing their soundtracks and starring in them as well. Some stereotyping aside, to a far greater extent than Western filmmakers, Indian filmmakers know how to capture the Muslim experience and critique it.

They're not just doing this for audiences in India. Take "My Name is Khan," which is currently playing to packed houses around the world. Its star, Shah Rukh Khan—he plays a Muslim American whose life is thrown into turmoil after 9/11—is by some measures the world's most popular actor. For many moviegoers, including the millions of Bollywood fans in the Muslim world, "My Name is Khan"—not some Hollywood film—is likely to be the definitive movie about 9/11.

One of the best Indian films to have addressed the subject is "Aamir" (2008), in which the title character, a Muslim physician now living in London, is back in Mumbai visiting his family. He is a moderate Muslim, a self-made man who believes that hard work determines more than one's faith. Then, the moment he steps out of the airport a stranger hands him a cellphone and his life is upended as he is thrust into a jihadi plot against his will.

On one hand "Aamir" is a tautly constructed thriller about a guy who has to execute a mission while his family is held hostage. The heart of the film, however, lies in the philosophical exchanges that occur between Aamir and the nameless Islamist ringleader who controls his fate by phone. The ringleader wants Aamir to buy into his own sense of victimhood, to join with "the brotherhood" in their holy war. But despite being in essence a captive, Aamir heroically resists.

"Aren't you a Muslim?" the ringleader asks.

"Yes."

"No. You're not a Muslim."

"Who are you to judge that?"

"Every Muslim has a moral duty to fight in this war."

"I don't agree."

Films like "Aamir" probe the world's most important debates—a culture war in the truest, most tragic sense. It is remarkable that more than eight years after 9/11, America's popular entertainment has failed to give us access to these discussions, to place us on the front lines of the conflicts in which we're embroiled. Are Americans actually interested? Maybe not, and that's a big part of the problem. But for those who are curious, who would like to have their ear to the ground, Bollywood is a good place to begin.

Mr. Venugopal is a reporter with WNYC Radio in New York.

Olivier Blanchard, Giovanni Dell'Ariccia and Paolo Mauro in their paper "Rethinking Macroeconomic Policy," published by the IMF:

[Prior to 2008] stable and low inflation was presented as the primary, if not exclusive, mandate of central banks. . . . In practice, the rhetoric exceeded the reality. Few central banks, if any, cared only about inflation. . . . Most of them allowed for shifts in headline inflation, such as those caused by rising oil prices, provided inflation expectations remained well anchored. . . .

When the crisis started in earnest in 2008, and aggregate demand collapsed, most central banks quickly decreased their policy rate to close to zero. Had they been able to, they would have decreased the rate further: estimates, based on a simple Taylor rule, suggested another 3 to 5 percent for the United States. . . . Higher average inflation, and thus higher nominal interest rates to start with, would have made it possible to cut interest rates more. . . .

The inflation tax is clearly distortionary, but so are other, alternative, taxes. Many of the distortions from inflation come from a tax system that is not inflation neutral, for example, from nominal tax brackets or from the deductibility of nominal interest payments. These could be corrected, allowing for a higher optimal inflation rate.

THE WALL STREET JOURNAL. ASIA

Almar Latour, *Editor in Chief, Asia*
Peter Stein, *Associate Editor*
Dean Napolitano, *Senior Editor*
Mary E. Kissel, *Editorial Page Editor*
Philip Owens, *Circulation Director*
Shawn Hiltz, *Marketing Director*
Alice Chai, *Research Director*
Connie Cheng, *Operations Director*
Simon Wan, *IT Director*
Olivier Legrand, *General Manager Digital*
Christine Brendle, *Publisher*
Published since 1889 by
DOW JONES AND COMPANY
© 2010 Dow Jones & Company. All Rights Reserved
DOWJONES
A News Corporation Company

IN DEPTH

Mark Zuckerberg, CEO and founder Facebook Inc., participated in a discussion during the 2007 World Economic Forum in Davos, Switzerland.

Bloomberg News

Facebook's CEO is in no rush to 'friend' Wall Street with IPO

Zuckerberg's approach highlights challenges he faces in balancing public ownership with his zeal for tight control

By Jessica E. Vascellaro
Palo Alto, Calif.

Most everyone in Silicon Valley and on Wall Street agrees: The eventual IPO of social-networking site Facebook could make its founder the world's richest twenty-something.

Yet Chief Executive Mark Zuckerberg, now 25, seems intent on deferring that multibillion dollar payday.

He's huddled with executives like Intel CEO Paul Otellini and Oracle Corp. President Charles Phillips—the goal being to extract wisdom about how to better run his independent company. He set up a dual-class voting structure that would make him less beholden to any public shareholders. And last year, when staffers began itching for richer rewards, he devised a way for them to cash in some of their Facebook stock—without pushing the IPO button.

"We're going to go public eventually, because that's the contract that we have with our investors and our employees," Mr. Zuckerberg said during a recent interview. But, he added, "we are definitely in no rush."

Despite hopes in the investment community that Facebook could herald a revival in the Silicon Valley IPO market, Mr. Zuckerberg has made it clear that he won't be dictated to.

At the same time, his delayed-gratification approach offers some insights into what a publicly traded Facebook might eventually look like. It also highlights some of the challenges Mr. Zuckerberg is apt to face in balancing public ownership with his zeal for tight creative and financial control.

Zuck, as he's known to most, lives in a modest house in Palo Alto and often walks to the office. Employees say he's a demanding boss—one who loves to engage in debate but isn't big on lavishing individual praise. According to one engineer, who wrote an internal memo called "Working with Zuck," it is unwise to "expect acknowledgment for your role in moving the discussion forward; getting the product right should be its own reward."

To the young CEO, Facebook, with its 400 million-plus users, is more than just another tech cog in the cultural landscape. The company's promise, he believes, has to do with facilitating people's ability to share almost any and everything with anyone, at any time—via Web sites, mobile phones, even videogames.

In an era of obsessive communication, "this push towards things becoming more open is probably the most powerful and transformative social change" barring an event such as war, he says. "We may be the company that really leads this movement....It's not clear that anyone else is going to manage it correctly."

Mr. Zuckerberg fits into a long queue of tech barons with grand ambitions. Apple Inc. Chief Executive Steve Jobs in the early 1980s proclaimed that the Macintosh would revolutionize computing. Google Inc.'s founders boasted that its search engine would "organize all the world's information."

But unlike some of his predecessors, Mr. Zuckerberg doesn't need huge cash reserves to build factories, a global distribution system or even a massive marketing machine. "If you don't need that capital, then all the pressures are different, and the motivations [to go public] are not there in the same way," Mr. Zuckerberg says.

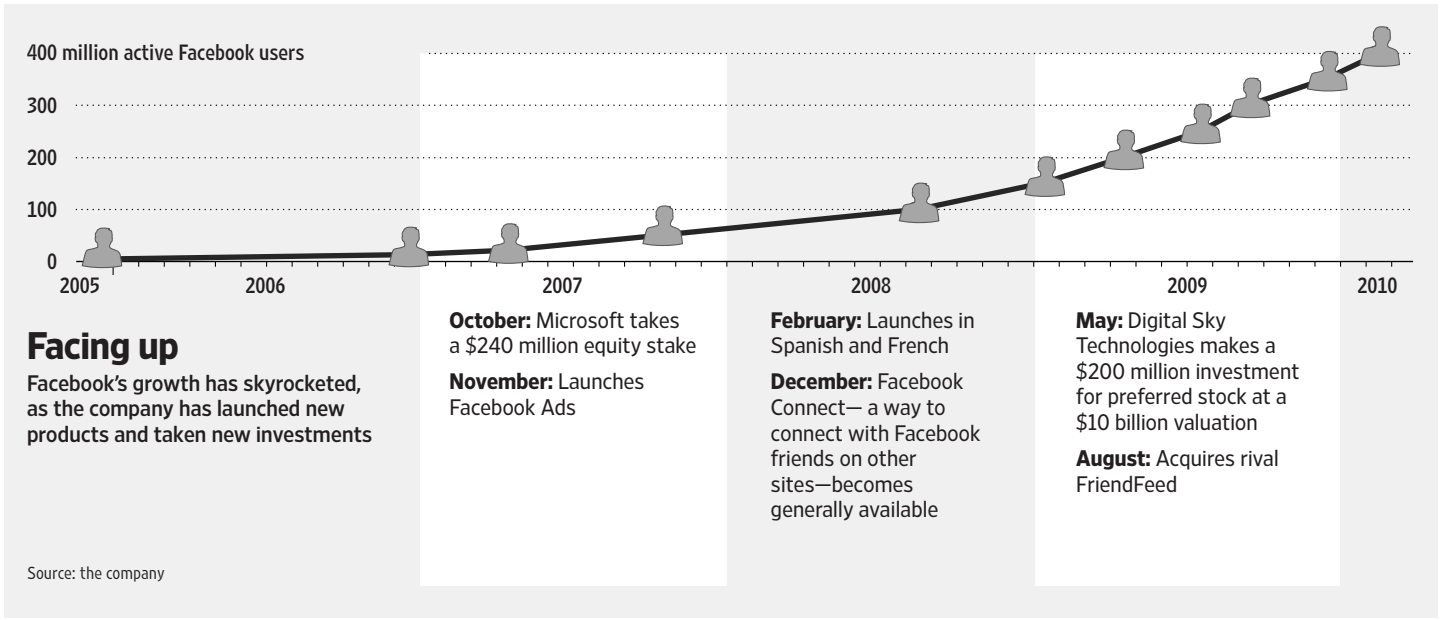
The mission has modulated over time. At Harvard, where Mr. Zuckerberg founded the company from a dorm room in 2004 before dropping out, he saw Facebook as a way for Ivy League buddies to socialize. Photo and message swapping—along with the ability to connect with others by "friending" them—was just the beginning. Today, Facebook is busy working on a tool to let users share information about their physical whereabouts via the site. Other features, like allowing people to pay online vendors with some sort of proprietary currency, are in the test phases.

A micromanager, Mr. Zuckerberg has cut down on his meeting obligations and now delegates to senior-level staffers so that he can spend more time mulling Facebook's broader, strategic game plan. (Among other things, he's ruminated what the company would do if it had a trillion dollars at its disposal.) He still has the final word on most product decisions and readily abandons concepts a year or more in the making.

"A lot of companies can go off course because of corporate pressures," says Mr. Zuckerberg. "I don't know what we are going to be building five years from now. I don't know what we are going to be building three years from now."

That luxury, of being light on one's corporate feet, is partly what he fears he may have to sacrifice with an initial public offering. Rather than nurture long-term goals, he worries that his staffers might become "focused on an announcement, and how that plays out and whether the stock price goes up," he says.

Mr. Zuckerberg's hard-charging ways date back to his childhood. At his Ardsley, N.Y., high school, he excelled in the classics. He transferred to Phillips Exeter Academy where he immersed himself in Latin. In college, he was known for reciting lines from epic poems such as "The Iliad." His mother


400 million active Facebook users
300
200
100
0
2005
2006
2007
2008
2009
2010
October: Microsoft takes a $240 million equity stake
November: Launches Facebook Ads
February: Launches in Spanish and French
December: Facebook Connect— a way to connect with Facebook friends on other sites—becomes generally available
May: Digital Sky Technologies makes a $200 million investment for preferred stock at a $10 billion valuation
August: Acquires rival FriendFeed

Facing up

Facebook's growth has skyrocketed, as the company has launched new products and taken new investments

Source: the company

called him "Princely," say people familiar with his upbringing.

In the company's early days, Mr. Zuckerberg had an artist paint a mural evoking children taking over the world with laptops. He ended meetings by pumping his fist in the air and leading employees in a chant of "domination." The ritual was in jest, say people familiar with the matter, and he dropped it after executives said it made him seem silly and that competitors might cite it as evidence of monopolistic goals. (Among Facebook's rivals in social networking is MySpace, a unit of News Corp., owner of The Wall Street Journal.)

More recently, Mr. Zuckerberg—who himself is the subject of a forthcoming feature film—has used movie lines to cue employees that they are engaged in something greater than getting rich.

At a meeting last spring, Mr. Zuckerberg quoted from the movie "Troy" before hundreds of employees crammed into the steamy basement of a Sheraton hotel in Palo Alto. He recounted the scene where a messenger tells Achilles how scared he would be to confront the giant Thessalonian, whom Achilles was preparing to battle. "That's why no one will remember your name!" Zuckerberg shouted.

When potential hires ask why they should join Facebook, Mr. Zuckerberg said, "Tell them: because people will remember your name."

The company has had its fair share of management gaffes. Late last year, Facebook came under public fire for redesigning its privacy controls in a way that caused users to make more of their account data public. Privacy advocates rallied and Facebook rolled back some changes, but regulators in the U.S., Canada and Europe are still watchful. Last week, Facebook acknowledged a "small number of users" had received private messages intended for other members. In a statement, it said privacy tools are "a core feature of Facebook and a focus of our ongoing innovation."

"Facebook is in the phase where some founders get themselves into trouble by being too sure of themselves, says Jeffrey Sonnenfeld, a professor at the Yale School of Management, who has advised a number of Silicon Valley founders. The company "is at a crossroads where we have to see if Mark can build a team strong enough to challenge him," he says.

Some of the CEO's admirers, such as former Facebook employee and venture capitalist Matt Cohler, say he is a natural leader with "a clarity of purpose that is remarkable."

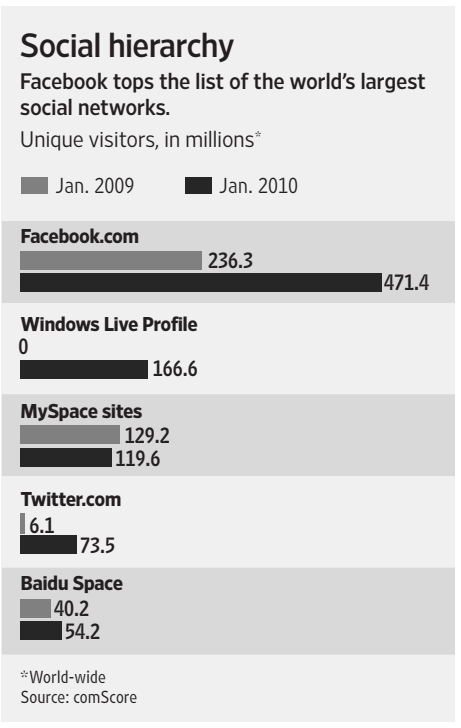
Mr. Zuckerberg has passed up several opportunities to sell and make a killing. These include a $1 billion offer from Yahoo Inc. in 2006 and an overture from Microsoft Corp. that was worth a possible $8 billion or more, according to people familiar with the matter. Mr. Zuckerberg declines to comment on the talks, beyond saying: "It always sounds a lot more concrete than it actually is."

A spokesman for Microsoft and a Yahoo spokeswoman declined to comment on the offers. In October 2007, Microsoft invested $240 million for a 1.6% stake plus some exclusive ad rights.

By early 2008, Mr. Zuckerberg began to take steps to help prepare the company to go public. He expanded his management team, hiring Google executive Sheryl Sandberg as his No. 2 in March of that year. He sought new perspectives by inviting Netscape co-founder Marc Andreessen and Washington Post Co. Chairman Donald Graham to join his board. He kept voting control over their seats, however.

"The company is definitely set up in a way where myself and the other founders have a lot of control over it," he says. Investors who signed on, he adds, "understood that they fundamentally weren't going to be able to push us in a direction that we wouldn't want to go."

Any IPO timing is squarely in Mr. Zuckerberg's hands. He owns more than a quarter of Facebook's stock and controls votes for three of five board seats, say people familiar with the matter. A Facebook spokesman declined to comment on the board structure or Mr. Zuckerberg's ownership.



There's little pressure from Facebook's existing shareholders—mostly venture capitalists who say they are pleased with its positive growth trend. Facebook executives have discussed how revenues for 2010 could hit between $1.2 billion and $2 billion, say people familiar with the matter. In 2009, the company said it was generating positive cash flow, more than enough to pay its 1,200 employees and overhead.

Mindful, though, of the inevitability of an IPO, Mr. Zuckerberg has consulted with several Silicon Valley wise men. Over lunches and milkshakes with people like former Netscape CFO Peter Currie, Mr. Zuckerberg has gobbled up advice, entering thoughts into what he calls "the list" on his BlackBerry—a long to-do list of items for the future.

To distract employees from the buzz of an IPO, he pressed them to focus on building a bigger company. He led a toga party to celebrate Facebook's 100-million-user mark. He bought a gong for the office, which employees bang when they launch new products.

In late 2007, he and the board changed the types of shares granted to employees, significantly lessening the pressure on the company to go public and giving him more control over the timing of such an event.

The switch, which the board agreed to, was to pay employees in restricted-stock units instead of options. Holders of RSUs can't become shareholders until the company goes public; options holders have more flexible exercise rights.

The move allowed Facebook to stay under 500 shareholders, the point at which the Securities and Exchange Commission requires companies to disclose more financial information. Mr. Zuckerberg says that skirting the 500-shareholders rule "crossed our minds," but that the decision was also good for employees because of technicalities that made it cheaper for them to acquire their shares.

The ranks, though, were still anxious for a payday. Some began to seek private buyers of their shares, complicating the company's internal valuation for employee stock options. Their moves aggravated Mr. Zuckerberg, who often bragged to employees that he had a special capacity for delayed gratification, according to people he spoke with. He hammered home this idea to his management team at an offsite meeting, recounting a story about how he was good at waiting for things as a teenager.

By early 2009, he had changed his own boyish look. Mr. Zuckerberg, who once sported sandals to major meetings, traded his daily uniform of a T-shirt and jeans for a button-down shirt and tie. "This is a serious year," he told employees, explaining how similar attire somehow gave prep-school students more gravitas.

He eventually found a solution to allow employees to cash out in mid-2009: Russian investors Digital Sky Technology bought roughly $100 million in shares from employees and invested $200 million directly, giving DST a 3.5% stake.

By opening the door to a single investor, he avoided increasing Facebook's shareholder base. The move also pacified employees, who splurged on new homes, cars and lavish vacations.

At least one board member, venture capitalist and PayPal co-founder Peter Thiel, had been against raising more money, according to people familiar with the matter, arguing the company should be disciplined and turn a bigger profit with what it had.

But Mr. Zuckerberg pushed and Mr. Thiel acquiesced—as long as the terms were favorable. DST agreed to a whopping $10 billion valuation, barely diluting shareholders like Mr. Zuckerberg.

In February, Jim Breyer, a board member and an early Facebook investor, told a German audience of techies that Facebook wouldn't be going public in 2010.

Later that month, Mr. Zuckerberg, having grown weary of the topic, said in an interview, "As a practice, we aren't going to comment on it."

Meanwhile, the CEO has another, albeit modest, plan to help mollify employees. He promised to buy them a bigger gong.

Mr. Zuckerberg fits into a long queue of tech barons with grand ambitions. Apple's Steve Jobs in the early 1980s proclaimed that the Macintosh would revolutionize computing. Google's founders boasted that its search engine would 'organize all the world's information.' But unlike some of his predecessors, Mr. Zuckerberg doesn't need huge cash reserves to build factories, a global distribution system or even a massive marketing machine. 'If you don't need that capital, then all the pressures are different,' he says.

FROM PAGE ONE

Sony makes mobile push

Continued from first page

"That's the vision, but it's still not quite clear what specific steps Sony will take to achieve that, especially when iPad and other highly capable mobile devices are crowding the market," said Nobuo Kurahashi, a consumer-electronics analyst at Mizuho Investors Securities.

The new devices are meant to counter Apple and its wide range of products that connect to its iTunes media platform. Apple's iPod Touch and iPhone are pushing into the portable-gaming market inhabited by Sony's PSP, while the iPad tablet is expected to disrupt the nascent e-reader market where the Sony Reader has sold one million units.

Sony is working with Sony Ericsson on the new handset, the people familiar with the matter said. While the capital structure of the 50-50 joint venture hasn't changed, Sony is taking a more active role in developing handsets for the partnership because of how central smart phones are becoming to the company's overall strategy.

At last month's Mobile World Congress in Barcelona, Mr. Stringer said Sony Ericsson phones will connect to Sony's online service in the future. Mr. Stringer didn't specify what content would be available for mobile-phone users.

Sony Ericsson, which was formed in 2001 by Sony and **L.M. Ericsson Telephone** Co. of Sweden, has lagged behind other handset makers in developing smart phones. It plans to introduce its first smart phone, Xperia X10, built on **Google** Inc.'s Android operating system in April.

The main responsibility for delivering Sony's gadget of the future has fallen to Senior Vice President Kunimasa Suzuki. He is in charge of Sony's Vaio computer business and the Network Mobile Center. He also serves as PlayStation chief Kazuo Hirai's deputy at both the video-game unit and the Network Products & Services division.

Mr. Suzuki's various roles within the company represent the blending of business divisions inside Sony, placing him at the center of Mr. Stringer longstanding ambition to bring down the "silos" separating the company's various operations.

Sony has said that Mr. Suzuki is leading product planning for new mobile devices, without offering details about the projects. In early February, at a news conference to announce earnings, Chief Financial Officer Nobuyuki Oneda said Sony was interested in devices such as the iPad that don't necessarily fit any single product category.

Sony's next wave of portable devices comes at a time when the PSP, a gadget once hailed by Sony executives as the "Walkman for the 21st century," is slumping. While it has sold more than 55 million units since its launch in late 2004, the PSP hasn't quite lived up to Sony's own hype. **Nintendo** Co. has sold twice as many DS handhelds during that period and new games for the platform have slowed to a trickle.

Sony was forced in February to slash its full-year PSP shipment targets by a third. Sales of the PSP Go—the latest version of the company's handheld, which doesn't use packaged discs and only plays downloaded games—have been slow, hurt by the PSP Go's hefty price tag. It costs $250, or $80 more than the PSP model that uses game discs.

While PSP Go sales have been disappointing, the handheld has taught Sony a lot about how it should approach future gadgets that will be entirely reliant on downloaded content, according to people familiar with Sony's thinking.

—Juro Osawa contributed to this article.

China's Premier Wen Jiabao claps during the Chinese People's Political Consultative Conference in Beijing, Wednesday.

Early exit

Bank lending, change from previous quarter at seasonally adjusted annualized rate.

Sources: Goldman Sachs; Bloomberg News (photo)

U.S. jobless claims fell in week

By Sarah N. Lynch And Luca Di Leo

In an encouraging sign for the U.S. jobs market, the number of workers filing new claims for jobless benefits declined last week by more than expected while continuing claims fell to their lowest level in more than a year.

Separately, U.S. productivity rose at the end of 2009 by more than previously estimated as the economy's strong expansion didn't stop many employers from continuing to cut labor costs.

The Labor Department said in its weekly report Thursday that initial claims for jobless benefits fell by 29,000 to 469,000 in the week ended Feb. 27. The previous week's level was revised upward to 498,000 from 496,000. Total claims lasting more than one week, meanwhile, fell to a level not seen since January 2009. Economists surveyed by Dow Jones Newswires expected initial claims to decrease by 23,000.

The four-week moving average, which aims to smooth volatility in the data, declined for the week ended Feb. 27. The Labor Department said the four-week moving average decreased by 3,500 to 470,750 from the previous week's revised average of 474,250.

Thursday's reported decline comes after initial claims unexpectedly surged in the two prior weeks of the month.

Even with this latest decrease, however, some economists believe the new data may not provide a truly good read on claims because of the poor weather conditions throughout February. Severe winter storms that struck the Northeast were blamed for a spike in claims for the week ended Feb. 20, and analysts expect the weather will lead to a grim jobs report Friday.

Barclays Capital economist Michelle Meyer said in an interview Wednesday she thinks March will bring a much cleaner data set, and despite the recent increases in claims, she is still "pretty optimistic" about the overall trend. But she added, "If we don't see a fall back pretty considerably in the month of March, I would be...concerned about the future of the labor market."

The stubbornly slow recovery of the U.S. labor market has prompted Congress to push for new legislation to help spur job creation. Last week the U.S. Senate approved a modest $15 billion bill that would provide a tax credit to employers who hire new workers. Now the Senate is moving on to tackle a much larger $150 billion package that contains a broader array of tax credits.

The Federal Reserve said in its beige book report this week that labor-market conditions still remain sluggish, although some Fed districts are seeing an increase in hiring or a slowdown in layoffs.

In the Labor Department's report, the number of continuing claims—those drawn by workers for more than one week in the week ended Feb. 20—fell by 134,000 to 4,500,000 from the preceding week's revised level of 4,634,000.

That's the lowest level for continuing claims since Jan. 3, 2009.

The unemployment rate for workers with unemployment insurance for the week ended Feb. 20 was 3.5%—a decrease of 0.1 percentage point from the prior week's revised rate of 3.6%.

The largest increase in initial claims for the week ended Feb. 20 occurred in New Jersey due in part to a backlog caused by weather-related office closures and a statewide furlough day during the prior week. In addition, the state also experienced layoffs in the construction, service, transportation, warehousing and manufacturing industries.

The largest decrease in claims occurred in California.

Nonfarm business productivity rose by a seasonally adjusted annual rate of 6.9% in the last quarter of 2009, the Labor Department said.

Economists polled by Dow Jones Newswires forecast a 6.5% increase in output per hours worked. The first reading released Feb. 4 estimated a 6.2% rise for the October-to-December period of last year.

In the third quarter of 2009, productivity surged by 7.8%, an upward revision from the previously estimated 7.2% increase.

Companies continued to cut costs at the end of 2009 even as the economic recovery gained steam, meaning they are getting more from existing work forces. Nonfarm output rose at a 7.6% annual rate in the fourth quarter while hours worked increased by 0.6%, the first rise in hours worked in more than two years. The revised data Thursday showed unit labor costs fell by more than previously believed, signaling there are little signs of inflationary pressures in the economy.

Unit labor costs—a measure of what it costs firms to pay workers for a single unit of output they produce—fell at a 5.9% annual rate in the last three months of 2009. That compares with an original estimate of a 4.4% decline and expectations for a 4.9% drop. In the third quarter, labor costs plunged by 7.6%, higher than previously reported.

The productivity gains should help prevent an outbreak of inflation, making the Federal Reserve more comfortable with keeping short-term interest near zero to support the economy so that unemployment can come down.

In times of low inflation, higher productivity can mean fatter paychecks for those working. Thursday's data said hourly compensation in the nonfarm business sector increased by 0.6%, revised from an originally estimated 1.5% increase.

In a separate report Thursday, the Labor Department said continuing claims for jobless benefits fell to the lowest level in more than a year while new claims dropped by slightly more than expected, an encouraging sign for the jobs market.

Beijing congress faces test

Continued from first page

at 8%. This year, the job is trickier: it has to reduce lending, but not so much that growth stalls," saidArthur Kroeber, managing director of research firm Dragonomics in Beijing. "It will be hard to do that without damaging business and consumer confidence."

The government is now trying to strike a tricky balance, reflecting an awkward transition under way in China's economy. The initial boost from the stimulus is already fading, but many economists doubt that private-sector businesses are ready to take over as a growth driver. The brightest spot in the Chinese economy—the booming property market—has become a lightning-rod for public discontent as housing prices surge, pushing the government to rein things in.

The government's moves so far have sent financial markets on a rocky ride. Shanghai's benchmark stock market index has fallen nearly 8% this year, and small moves by China to tighten liquidity have sent global markets reeling several times in recent months.

Overseas investors have become ever more pessimistic on China. In a monthly survey of fund managers by Bank of America-Merrill Lynch, the net percentage of respondents expecting stronger Chinese growth over the next 12 months—the share of those who do, minus the share of those who don't—fell to 7% in February from 51% in January.

Such big swings happen in part because it is so difficult for investors to track China's policy changes. The government has been ratcheting back the stimulus since the second half of last year, but most early moves came through regulatory changes and instructions to banks that were communicated privately rather than publicly announced.

It wasn't until January that the central bank used a more transparent and public tool, raising the share of deposits that commercial banks must keep on reserve.

"When policy makers think about communicating policy, they really think about its impact on the real economy, rather than thinking about its impact on financial markets," said Wang Oing, China economist for Morgan Stanley. "That's one of the reasons the communications strategy is not that effective," and overseas investors are often confused by China's policy moves, he said.

Mr. Wen has been urging public confidence as Beijing gradually withdraws its large stimulus program.

So far, the government's intended audience—households and businesses within China—seem less fazed than financial markets. China's official consumer-confidence index rose every month from July to December, the most recent month for which data are available. The job market has improved to the point where manufacturers in the south complain they can't find enough workers.

With inflation a growing worry, the government needs to pay particular attention to the effect its words have on ordinary people's expectations of future prices, chief bank regulator Liu Mingkang said this week. "We need to improve policy statements and information disclosure, and release the necessary policy signals in a timely manner to guide the public to form a realistic judgment," Mr. Liu said.

China news

Want to read top articles from The Wall Street Journal Online in Chinese? Find them at **Chinese.WSJ.com**

Web sites will target the hoopla at this year's Oscars ceremony
CORPORATE NEWS 18

No need to get tied up over a China Mobile bank stake
HEARD ON THE STREET 28

BUSINESS & FINANCE.

Friday - Sunday, March 5 - 7, 2010 THE WALL STREET JOURNAL. asia.WSJ.com

Toyota looks to restore image

Auto maker prepares incentives to entice customers in China

By Norihiko Shirouzu

BEIJING—**Toyota Motor** Corp. on Friday plans to begin a major new sales campaign in China in an effort to bring customers rattled by the company's recall crisis back into showrooms, part of a broader push to shore up its reputation in the world's biggest auto market.

The campaign will involve a combination of sales incentives, including zero-percent loans, free insurance and fuel, and roadside service, a Toyota spokesman said. It reflects the seriousness of a slowdown in its China sales since late January, when Toyota began announcing recalls of vehicles to fix faulty accelerator pedals and other problems. The company has recalled more than eight million vehicles world-wide.

Toyota's quality issues so far haven't been as severe in China as in the U.S. and some other markets. In China, Toyota recalled 75,552 RAV4 vehicles because of the gas-pedal problem. On Monday, the company said its sales in China, despite the crisis, grew 30% in February from a year earlier to 45,400 vehicles.

But those figures include deliveries of cars ordered earlier, says a Beijing-based sales and marketing executive with Toyota. The executive said the latest strong number was largely an "echo" of sales made before February but delivered during February. "Customers orders are very sluggish" currently, the executive said, adding that many dealers began offering discounts last month on certain slow-moving vehicles on their own.

The new nationwide campaign follows a visit to China earlier this week by Toyota President Akio Toyoda to reassure consumers and officials of the company's commitment to safety and quality.

During that visit, Masahiro Kato, a top China-based Toyota sales and marketing executive, told reporters Toyota "has been getting an unusually large number of complaints from customers" since late January and may need to sweeten deals to spur sales.

Hitoshi Yokoyama, a Beijing-based Toyota spokesman, said the new incentives will mostly last through the end of this month.

At dealers selling cars offered by Toyota's joint venture with **FAW Group** Corp., all customers coming in to test-drive vehicles will receive a gasoline card worth 80 yuan, or about $11.70. If a customer decides to purchase a car, he will also receive mandatory vehicle insurance free for a year from Toyota, valued at 950 yuan. In addition, people who purchase Reiz midsize sedans will receive 1,400 yuan in credit to buy gasoline. For buyers of 2010 Crown sedans from March 10 through the end of April, dealers will offer a no-interest loan and free roadside assistance service for two years.

An internal Toyota document reviewed by The Wall Street Journal said the "Big Spring Sale" campaign by FAW-Toyota is "the biggest-ever marketing campaign in the history" of the joint venture.

Toyota's second joint venture in China, with **Guangzhou Automobile Industry Group** Co., has been selling the 2.1-liter-engine Camry sedan with a zero-percent-interest offer since March 1. It plans to extend that through the end of the month. Guangzhou-Toyota is also extending for one more month an offer to pay 2.5 percentage points of the 7.5% government sales tax charged on Yaris subcompacts—a deal the unit has been offering since the start of this year.

The incentives are "very aggressive moves" on relatively new products that normally would be expected to sell on their own without incentives, said a sales and marketing executive at a rival company. The latest, redesigned version of the Crown car, for instance, was launched just three months ago, according to Toyota.

In the U.S., Bob Carter, Toyota's general manager, on Tuesday said the company launched new incentives to drum up sales. They include 0% financing for 60-month loans on most models, low-price leases and two years of free maintenance for returning customers.

Company's woes are wake-up call for Japanese firms

By Mariko Sanchanta

TOKYO—Japanese companies have started to call in consultants and public relations experts to learn about crisis management, alarmed at the scathing criticism directed at **Toyota Motor** Corp. in the U.S. over its slow response to its growing recall crisis.

Despite its deep-rooted history in the U.S., "crisisu managemento," as it is known in Japan, is still a relatively new discipline here. The Toyota fiasco has been a harsh wake-up call for Japanese companies with sprawling global operations, which are realizing the need to make their organizations more nimble in responding to problems.

Executives at **Weber Shandwick** and **Fleishman Hillard** in Tokyo, both public relations firms, have been visiting Japanese companies—in sectors ranging from manufacturing to services—to teach them what they can learn from Toyota's recall of more than eight million vehicles and how to improve their crisis communications.

"This is not just a Toyota issue but a corporate Japan issue," said Shin Tanaka, the president of Fleishman Hillard Japan.

Despite their huge presence overseas, most Japanese companies still operate within a tight vertical structure, meaning that decisions are made top-down from the home country, and a flow of information doesn't necessarily reach divisions in different departments. Howard

Please turn to page 17

CIC takes a cautious approach to 2010 investments

BEIJING—China's $300 billion sovereign-wealth fund said Thursday that this year will be a more difficult one for the fund to make investments because the global economic trend lacks clarity.

China Investment Corp. Executive Vice President Jesse Wang said the global economy is challenging because of factors such as swings in foreign-exchange movements and the unclear direction of resource prices.

"Unlike in the past years, when the situation [amid the global crisis] had been very difficult but the trend had been clear, this year the trend is unclear," Mr. Wang said on the sidelines of the annual session of the Chinese People's Political Consultative Conference, an advisory body to the government.

He said it has become harder to predict where global energy and resources prices may head this year, unlike last year, when a recovery from the financial crisis drove asset prices up.

Mr. Wang also made CIC's first official comment on speculation that China would help bail out Greece, noting that the responsibility for such bailouts should fall primarily on the European Union, rather than institutions such as CIC.

Mr. Wang reiterated that CIC's main mission is to have sound financial returns. "Aiding Greece looks like a policy goal," he said. "If the EU is unwilling to help, how can you expect others to act as a white knight and save Greece?"

In January, news agencies reported that China may buy a large amount of Greek debt. The Greek Finance Ministry subsequently denied that it had reached a deal to sell Greek bonds or state-linked assets to Chinese investors, or that it had mandated any investment bank to negotiate a sale on its behalf.

Mr. Wang said CIC has little exposure to the debt crisis related to the European nations. Instead, CIC focuses on other risks, such as the impact foreign-exchange swings are having on its global investments, he said.

'Aiding Greece looks like a policy goal. If the EU is unwilling to help, how can you expect others to act as a white knight and save Greece,' says a CIC executive.

As a passive financial investor that doesn't seek management control in any entities it invests in, CIC recorded "relatively good" investment returns last year, Mr. Wang said.

He said an annual report to be released later would have more details. He didn't say when the report will be published.

CIC announced more than $8.15 billion of acquisitions last year, including a 15.8% stake in **AES** Corp. for $1.58 billion, a 17.2% stake in **Teck Resources** for $1.5 billion, and a 15% stake in Singapore-listed **Noble Group** Ltd. for $856 million.

Citing political risks as well as concerns about an immature legal system in Africa, Mr. Wang said CIC has been treading carefully in the continent, although it had set up investment funds along with other unspecified institutions.

CIC, a sovereign fund that manages a portion of China's foreign-exchange reserve, isn't allowed to make direct domestic investments, although Mr. Wang said the fund has taken account of "China factors" while making investments, Mr. Wang said. For example, CIC has invested a lot in Australia, whose economy is closely linked to the Chinese demand for its rich resources, he said.

Mr. Wang said he didn't know whether CIC would, as speculated in the market, receive an additional $200 billion cash injection from Beijing. Regardless of whether such an investment happens, CIC will continue to adjust its asset-allocation strategy, Mr. Wang said.

"We invested most of our funds in 2009, but now we need to rebalance and adjust the portfolio and manage it," he said.

—Victoria Ruan

Trade slump hurts Maersk

Shipping conglomerate swings to first annual loss amid decline in container business

By John W. Miller

A.P. Moller Maersk A/S, a conglomerate that includes the world's biggest freight shipping line, announced a 2009 net loss of $1 billion, after a $3.4 billion profit the previous year, amid a collapse in global trade.

It is the first-ever full-year result in the red for the storied family-controlled firm founded in 1904. "The loss is significant," said Group CEO Nils S. Andersen. "But 2009 was an extraordinary year with historically low rates and low demand."

The outlook for 2010 is only a bit better. Maersk said it expected to turn "a modest profit." Analysts have forecast a profit for 2010 of over $1 billion. The company's shares ended trading in Copenhagen down 3.9% at 42,090 Danish kroner ($7,745).

Maersk officials stressed that nonshipping businesses, such as oil and gas, offshore services, port terminals and supermarkets, continue to make money.

The oil and gas business, for example, compiled a profit in 2009 of $1.2 billion, down from a $2.3 billion profit in 2008.

Analysts, however, were unimpressed. "We expected better," said Christian Nagstrup, an analyst with Copenhagen-based Jyske Bank. "It's too early to say whether they'll end this year with a profit."

Bloomberg News

Shipping volumes shrank amid a trade slump last year. Above, a Maersk ship is loaded in Johor Baru, Malaysia, in 2008.

The company's future financial health hinges on its container shipping business, which lost $2.1 billion in 2009 after making $583 million the year before. Like other carriers, Maersk Line invested heavily in new ships during the boom years of the 2000s. Now it has a surplus of ships, contributing to a global oversupply at a time when trade is undergoing its worst slump since World War II.

Maersk Line and other carriers have reacted by laying up ships, reducing staff and cutting costs in all kinds of ways, including avoiding the Suez Canal and simply steaming slower at sea. At Maersk, "We managed to limit the loss by saving around $2 billion, and we will continue to strengthen our competitiveness even further," said Mr. Andersen.

The demand situation will improve as trade recovers. In 2010, global cargo volumes are expected to increase by 3% to 5%. Freight rates will rise but the increase is unlikely to be an "acceptable return," Maersk said.

Canon says it fell short of Oce goal

By Juro Osawa

TOKYO—**Canon** Inc. said Thursday its recently completed tender offer for Dutch printer maker **Oce** NV left the Japanese company with a smaller stake than the 85% it had aimed for, as some major Oce shareholders refused to accept its bid.

Canon said its stake in Oce rose to 71.3% from 28.3% after the tender offer for €8.60 ($11.78) a share. The offer began Jan. 29 and ended March 1.

The Japanese maker of digital cameras and printers hopes that Oce's high-end printing systems will complement its midrange products. Oce is strong in Europe and the U.S. Canon has a solid foothold in Asia.

In February, Oce's chief executive urged the Dutch company's shareholders to accept Canon's offer. But some shareholders said the offer undervalued the company.

Aiming to make Oce a wholly owned unit, Canon will give shareholders who didn't accept the just-finished offer another chance to do so in a so-called postacceptance period between March 5 and March 19, also for €8.60 a share.

A spokesman for Canon said that Orbis Portfolio Management and Hermes Focus Asset Management, both shareholders of Oce, didn't agree to the just-completed offer.

Hutchison Telecom cuts 2008 profit after inquiry

By Lorraine Luk

HONG KONG—Billionaire Li Ka-shing's **Hutchison Telecommunications International** Ltd. wiped away roughly US$97 million in profit from its 2008 financial results at the prodding of U.S. regulators, a move its parent company said wouldn't affect its US$545 million offer to take full control of the unit.

The move, disclosed Thursday as Hutchison Telecom reported its 2009 financial results, comes as a result of questions raised by the U.S. Securities and Exchange Commission over how the company accounted for the US$500 million sale of tower stations in Indonesia. Last month, Hutchison Telecom unexpectedly delayed releasing its 2009 results, citing the SEC inquiry.

The dispute had raised concerns that it could cause trouble for the offer by its parent, Mr. Li's **Hutchison Whampoa** Ltd., to purchase the roughly 40% stake in Hutchison Telecom it doesn't already own. The deal is being closely watched as a glimpse into the investment strategy of Mr. Li, Hong Kong's richest man and controller of a sprawling global empire that includes everything from ports to drugstores.

"We have sought and received confirmation from the offerer that the proposal for privatization remains unaffected by the decision of the company to amend and restate its previously reported accounts," Hutchison Telecom Chairman Canning Fok said in a statement.

The 2008 restatement, combined with a one-time gain of 6.33 billion Hong Kong dollars (US$817 million) from the sale of its Israeli unit, led to a quadrupling of its 2009 net profit compared with 2008. Hutchison Telecom said its net profit rose to HK$4.94 billion from a restated HK$1.13 billion in 2008. Previously, it had reported a 2008 profit of HK$1.88 billion. Investors had been banking on the company to pay out special dividends from its cash reserves following a spate of asset disposals such as the sale of its mobile-phone assets in India and Israel, but Hutchison Telecom said Thursday it won't pay a dividend for 2009.

Last year's profit came entirely from discontinued operations, while its continuing operations generated a loss of HK$2.59 billion.

INDEX TO BUSINESSES AND PEOPLE

Businesses

This index of businesses mentioned in today's issue of The Wall Street Journal is intended to include all significant reference to companies. First reference to the companies appears in bold face type in all articles except those on page one and the editorial pages.

Abercrombie & Fitch....23
Advanced Semiconductor Engineering....5
Aeropostale....18, 23
AES Corp....15
Air Gas....21
Air Products....21
Alcoa....21
Allrecipes.com....18
American International Group....20, 22
A.P. Moller Maersk....16
Apple....1
Banco Santander....20
Bank of America....21
Bank of America Merrill Lynch....21
Bank of China....21
Bank of Communications....21
Bank of New York....21
BHP Billiton....23
BlackRock....20
BNP Paribas....21
BOC International....21
Bocom International Holdings....21
Boeing....23
BP....18
Bristol-Myers Squibb....19
Cadbury....18
Canon....16
Capital Group of Cos....20
Cheung Kong Infrastructure Holdings....19
Chevron....23
Chi Mei Optoelectronics 5
China Construction Bank....23
China International Capital....21
China Investment Corp 15
China Merchants Bank....21, 23
China Mobile....23, 28
China National Offshore Oil....18
China National Petroleum....18
China Vanke....23
Citic China Securities International....21
Citic Securities....21
Citigroup....3, 21
CME Group....20
Cnooc....18
Coca-Cola....18, 23
Comcast....18
Credit Suisse Founder Securities....21
Credit Suisse Group....20
Daihatsu Motor....17
DBS Group Holdings....20
Dentsu....17
Deutsche Bank....21
Deutsche Boerse....20
Diamond Foods....21
Dillard's....18
DLA Piper....22
Duane Reade....21
Electricite de France....19
Elliott Associates....21
Epicurious.com....18
Ernst & Young....20
Exxon Mobil....23
Facebook....18
FAW Group....15
FirstEnergy....21
Fleishman Hillard Japan....15
Food Network....18
Gap....18
Goldman Sachs Gaohua Securities....21
Goldman Sachs Group..21
Google....14
Guangzhou Automobile Industry Group....15
Haitong Securities....21
Hongkong Electric Holdings....19
Hong Kong Exchanges & Clearing....20
Hot Topic....18
HSBC Holdings....20, 21
Huatai Securities....21
Hutchison Telecommunications International....16
Hutchison Whampoa....16
Hyundai....18
Industrial & Commercial Bank of China....23
Intel....19, 23
International Business Machines....19, 23
Japan Tobacco....17
JC Penney....18
Jefferies....23
J.P. Morgan Chase..20, 21
Kawasaki Kisen Kaisha 23
Kimberly-Clark....18
Legal & General Group..20
Limited Brands....18
L.M. Ericsson Telephone....14
Luxtera....19
Macy's....18
Mastercard....18
Mitsubishi Motors....23
Monster Worldwide....21
Nintendo....14
Nippon Yusen....23
Noble Group....15
Northern Gas Networks Holdings....19
Novell....21
NTT DoCoMo....28
Oce....16
Panda Dairy....5
PepsiCo....18
Pfizer....19
PNC Financial Services Group....21
Prudential....20
Samsung Electronics America....18
Shanghai Pudong Development Bank....21, 23, 28
Sinochem International 18
SK Telecom....28
Sony....1, 17
Taiwan Semiconductor Manufacturing....5
Tata Motors....28
Teck Resources....15
Temasek Holdings....20
Toyota Motor....15, 17
UBS....20, 21
Walgreen....21
Walt Disney....18, 23
Weber Shandwick....15
Wells Fargo....21
WPP Group....18
Yahoo....21
Zumiez....18, 23

People

This index lists the names of businesspeople and government regulators who receive significant mention in Today's Journal.

Allison, Herbert....3
Andersen, Nils S.....16
Andreessen, Marc....13
Andreotti, Lamberto....19
Arculli, Ronald....20
Armendiger, Erin....18
Zeti Akhtar Aziz....4
Biller, Dimitrios....17
Bough, Bonin....18
Canning Fok....16
Cazzulani, Luca....7
Chen Dehua....9
Cornelius, James....19
Deripaska, Oleg....20
Doherty, Richard....19
Farnsworth, Eric....6
Feinberg, Kenneth....22
Forster, Carl-Peter....28
Hakim, Peter....6
Hildebrandt, Matt....4
Hira, Kaz....14
Howard, Tim....17
Hunter, Andrew....19
Ianuzzi, Sal....21
Inaba, Yoshimi....17
Issa, Darrell....17
Kato, Masahiro....15
Kelly, Anastasia....22
Kolb, Suzanne....18
Kubo, Akihiko....17
Kurahashi, Nobuo....14
Lamba, Romnesh....20
Li, Charles....20
Li Ka-shing....16, 19
Li, Victor....19
Meyer, Michelle....14
Miquelon, Wade....21
Nagata, Osamu....17
Nagstrup, Christian....16
Ni Lexiong....4
Noda, Tadao....22
Oneda, Nobuyuki....14
Palacios, Ivan....28
Pandit, Vikram S.....3
Paniccia, Mario....19
Parker, Paul....21
Perkins, Ken....18
Perry, Chris....18
Pestotnik, Tim....17
Hong Qide....9
Russo, Thomas....22
Sandberg, Sheryl....13
Segura, Boris....9
Shambaugh, David....4
Chu Shulong....4
Silvers, Damon....3
Stringer, Howard....1, 15
Suzuki, Kunimasa....14
Takahashi, Yukio....23
Takeuchi, Ririko....17
Tanaka, Shin....15
Thiam, Tidjane....20
Thiel, Peter....13
Towns, Edolphus....17
Toyoda, Akio....15, 17
Trichet, Jean-Claude....22
Vlasov, Yurii....19
Wang, Jesse....15
Wang Yuechao....9
Warren, Elizabeth....3
Weiss, Janet....18
Yamamoto, Hideyuki....17
Yokoyama, Hitoshi....15

CORPORATE NEWS: THE TOYOTA RECALL

Toyota sued over fatal Lexus crash

Case could be tougher for car maker to fight since accident drew attention from regulators, Congress and media

By Dionne Searcey

Relatives of a California Highway Patrol officer killed along with his family when a Lexus accelerated out of control have sued parent **Toyota Motor** Corp. in one of the tougher cases the Japanese car company may face.

In the wake of congressional hearings and recall notices, Toyota has taken a public-relations beating and could be vulnerable on many legal fronts. But many of the other high-profile lawsuits involving unintended acceleration filed against Toyota have circumstances that could give the company another factor to blame.

In one case, a driver was epileptic and medical examiners couldn't determine whether he had suffered a seizure. Another driver had suffered a stroke. Yet another driver was elderly and was parking his 2005 Camry near a precarious bluff.

The California case could prove more challenging for the car company. The San Diego accident has already drawn the concern of U.S. highway-safety regulators as well as prominent media coverage. The suit also comes in the wake of bruising congressional hearings where lawmakers questioned Toyota executives about the car maker's response to reports of sudden unintended acceleration. Toyota has recalled 8.5 million vehicles world-wide.

Federal safety regulators have received reports of 52 fatalities blamed on sudden acceleration in Toyota vehicles. Suits seeking class-action status have been filed, and each wrongful-death suit could seek millions of dollars in damages.

The California lawsuit was filed Tuesday in San Diego Superior Court on behalf of relatives of Mark Saylor, an off-duty California Highway Patrol officer who was driving a 2009 Lexus in August when it accelerated to 120 miles an hour on a freeway.

European Pressphoto Agency

Rhonda Smith and Eddie Smith appearing before a congressional committee on Capitol Hill last month.

Witnesses said the Lexus slammed into a Ford Explorer, plowed over a curb and went through a fence before it flipped and burst into flames, killing Mr. Saylor and three family members. The suit blames Toyota and a Lexus dealership for product liability and negligence.

Legal experts say the Saylor suit could be tough for Toyota to defend against. The Lexus was a loaner vehicle from a dealership, and the prior driver had told the dealer the accelerator had become stuck, a lawyer for the family said. The Lexus had thick floor mats designed for another type of vehicle.

One of Toyota's recalls blames sudden-acceleration issues on floor mats that can entrap accelerator pedals. A harrowing tape of a 911 call from Mr. Saylor's vehicle in which cries of "hold on" and "pray" are heard has circulated on the Internet, intensifying the negative publicity for Toyota.

Tim Pestotnik, a lawyer for the victims' relatives who filed the suit, declined to comment on whether settlement talks with Toyota had occurred.

A Toyota spokeswoman said the company doesn't comment on litigation. Toyota executives have expressed their sympathy for the Saylor relatives.

Separately, the U.S. Department of Transportation said Wednesday it had received 10 reports about sudden acceleration in Toyota vehicles whose owners said had their gas pedals fixed and floor mats removed under the recalls. The agency said it has not verified the claims.

Incidents of unintended acceleration in vehicles that have received the mechanical fixes, if verified, could call into question Toyota's assurances that vehicle electronics are not to blame.

Other suits against Toyota may be more difficult for plaintiffs to win as they have details that could point to other causes. These may fit the classic criteria for "human error," a theory favored by car makers and safety regulators that suggests the bulk of the sudden-acceleration accidents are caused by the driver mistakenly hitting the gas instead of the brake.

But safety advocates say drivers aren't to blame but instead point the finger at the electronic throttle systems, which regulates a vehicle's speed by a computerized system instead of a cable connected from the gas pedal to the engine.

Plaintiffs lawyers are playing a major role in how Toyota's troubles are playing out. For its hearing last week, a congressional committee heavily relied on testimony put together by auto-safety advocate Sean Kane, whose for-profit research firm has produced voluminous reports on sudden-acceleration incidents and is backed financially by several plaintiffs' attorneys suing Toyota.

Mr. Kane arranged the congressional committee testimony of Rhonda and Eddie Smith, who said their Lexus zoomed out of control to about 100 mph on a Tennessee highway. He also helped set up the testimony of a university expert who found that an undetected electronic failure could cause sudden acceleration incidents.

Asked about his role, Mr. Kane said: "We went to Congress without anybody paying for that. That was on our own dime. Our work is well foot-noted and well documented."

Plaintiffs' attorneys hope to use testimony from Toyota executives to bolster suits seeking class-action status that attempt to hold Toyota responsible for lost value of consumers' vehicles due to the recalls.

—Kate Linebaugh contributed to this article.

Toyota woes are wake-up for Japan firms

Continued from page 15

Stringer, the chief executive of **Sony** Corp., famously said he wanted to "smash" the "silos" that existed within the consumer electronics behemoth so it could create better products across different departments.

"We have the lowest birth rate in the world. The reality of this market is that domestic demand is declining and companies are being forced globalize," said Akihiko Kubo, the president of Weber Shandwick in Japan. "A company can't apply the same model it has been using domestically to its global operations."

"We are very keen to see if there is anything we can learn from this," said Hideyuki Yamamoto, a **Japan Tobacco** Inc. spokesman, who declined to say whether the company had hired an outside consultant since the Toyota controversy erupted in January.

Japan Tobacco, the country's third-biggest cigarette maker, has also learned from its own unpleasant recall experience, which forced it to institute new measures to deal swiftly with crises and help manage their risk. Two years ago, 10 people in Japan were poisoned after eating Chinese-made frozen dumplings made by Japan Tobacco's food division. A number of dumplings, or gyoza in Japanese, were found to contain pesticide, and thousands of people complained of falling ill following the initial reports.

"We have laid out a structure where bad news can be shared as quickly as possible with top management," said Mr. Yamamoto. "We have learned that if anything could undermine our corporate reputation we must share it with top management quickly."

Sony has also beefed up its quality controls following a lithium ion battery recall in 2006, in which it replaced nearly 10 million battery packs in a voluntary replacement program, after some laptop batteries were found to overheat and catch fire.

Following the debacle, an executive in charge of product quality and safety was established, as well as an "escalation rule": If Sony receives a report of a product malfunction that has safety implications, it must be reported to the product-safety executive within eight hours.

Akio Toyoda, the president of Toyota, has personally come under fire for waiting for weeks to address the media about its recall crisis and for choosing to remain in Davos, Switzerland, when the recalls started unfolding.

Mr. Toyoda last week testified on Capitol Hill, but 55% of Americans think Toyota has failed to respond quickly to potential safety defects in its vehicles, according to a recent USA Today/Gallup Poll.

Toyota last week set up a Business Reform Kaizen ("Improvement") Department, which is tasked with improving internal and external communication. The head of the division, Osamu Nagata, previously the general manager of its Miyoshi plant in Aichi prefecture, will report directly to Mr. Toyoda. Mr. Nagata will coordinate communication to customers, shareholders, suppliers, dealers, media and government. Those functions were previously handled by separate departments.

"Because we were receiving criticism, we felt the need to create a more horizontal communication structure," said Ririko Takeuchi, a Toyota spokeswoman. "Maybe we were not hearing our customer's voices enough."

Mr. Kubo of Weber Shandwick said the dominance of advertising companies in Japan—specifically **Dentsu** Inc., which is by far the market leader with a 25% market share—has stifled the growth of strategic public relations. "Historically, advertising firms have been very strong in Japan, so they have clients pay them a lump sum to handle everything for them," he said.

Dentsu has a separate firm that has handled crisis communications since 1990. It has six dedicated members, and its firm is the largest PR company in Japan. A spokeswoman said that its work in crisis communications has been robust and steady since it opened.

Prius holds on to crown as best seller in Japan

By Yoshio Takahashi

TOKYO—**Toyota Motor** Corp.'s Prius kept its top spot in Japan's auto market in February for the ninth straight month despite a recall of the flagship model earlier in the month.

Toyota sold 27,008 third-generation Prius gasoline-electric hybrids in February, according to data released Thursday by Japan's Automobile Dealers Association, supported by tax breaks and government subsides designed to spur demand for fuel-efficient cars.

The strong sales came despite Toyota's Feb. 9 announcement of a recall of 199,666 of the fuel-efficient vehicles in Japan to upgrade antilock-braking software, part of a series of global recalls that have tarnished the auto maker's reputation.

The February sales figures partly reflect deliveries of vehicles ordered in the fall, as customers were forced to wait because of robust demand, a spokesman at the JADA said.

Dealers have said demand remains strong for used models of the 2010-model Prius because car buyers can drive a used Prius off the lot immediately instead of waiting as long as 4 1/2 months for a new one.

The February sales figure marks a 21% increase over January's total and was nearly six times the number of sales in February 2009, when Japan was struggling with one of the deepest points of the global economic downturn.

Toyota said in February it would recall a total of 223,068 hybrid cars in Japan, including three other models—the Sai, the Lexus HS250h and the Prius plug-in hybrid.

The February figures partly reflect deliveries of vehicles ordered in the fall, as customers had to wait because of robust demand, a JADA spokesman said.

Sales of the Sai, which ranked 26th in the month, fell to 3,090 in February from 3,914 in January, while those of the Lexus HS250h, which wasn't among the top 30 models outlined by the JADA, dropped to 1,540 from 1,740.

In second place was **Daihatsu Motor** Co.'s Tanto minicar with sales of 20,552 vehicles, according to the Japan Mini Vehicles Association. Daihatsu is the small-car-making subsidiary of Toyota.

CORPORATE NEWS

Web sites target Oscars fans

Marketers will be making real-time tweaks in ads to reflect show events as they unfold

By Emily Steel

During this Sunday's live broadcast of the 82nd Academy Awards on ABC, the digital marketing team from E! Entertainment and a Google sales rep will feverishly be making real-time tweaks to E's Internet ad campaign as the drama plays out onstage.

If a celebrity makes a red-carpet appearance wearing outlandish attire or an award winner makes a newsworthy speech, E will alter its Oscars-related ads within minutes. The media company's goal is to make sure consumers searching for the subject on the Web find their way to E's online photo galleries, live blogs and fashion-police critiques.

E isn't officially broadcasting the Academy Awards on its network. But it is determined to attract the biggest audience it can—and the most advertising—by piggybacking on the gala. It has a full lineup of TV and online coverage planned, including a four-hour red-carpet countdown and a 90-minute after-party show. The live updates to its search ads will help it position its online coverage at the top of the Google search results for people seeking Academy Awards-related content, says Suzanne Kolb, president of marketing, news and online for E! Entertainment, a unit of **Comcast**. "We kind of go all out," she says.

News and entertainment shows have long ridden the Oscars bandwagon on TV, but a growing number of media companies and marketers are turning to the Web to capitalize on Oscars-related buzz. The blitz comes as marquee events such as the Grammy Awards, the Golden Globe Awards, the Super Bowl and the Olympics are attracting huge audiences amid ratings declines for broadcast TV as a whole. ABC, the official broadcaster of the show, is stepping up its coverage at Oscar.com, the site it produces with the Academy of Motion Picture Arts and Sciences. New features this year on the **Walt Disney** network include tie-ins with microblogging site Twitter, interactive games and a live video stream from the red carpet, where hosts will interview nominees. Through a partnership with social-networking site **Facebook**, viewers will be able to submit questions live.

Some marketers say they are willing to spend the $1.4 million to $1.5 million or so for a 30-second TV spot in the Academy Awards broadcast this year, knowing they will be able to reach a mass audience and stretch their dollars further on the Web. Advertisers buying TV spots during the event—including **Hyundai Motor**, **Kimberly-Clark**'s Cottonelle toilet paper, **Coca-Cola**, **Samsung Electronics America** and **JC Penney**—are coordinating online ads to amplify their traditional TV campaigns.

Events like the Grammys and Olympics get big audiences amid ratings declines for broadcast TV as a whole.

"These are the live events that people want to go and watch. That is the thing that they talk about the next day," says Chris Perry, director of marketing communications at Hyundai, which is buying seven spots during ABC's broadcast.

Oscar doesn't hold such luster for all marketers. While audience ratings for the broadcast were up last year from 2008, average viewership has fallen 20% over the past decade, according to Nielsen. Ad spending was down 16% to $68 million last year in the wake of the recession, according to **WPP**'s Kantar Media.

Some big advertisers from last year's broadcast aren't returning this year. **MasterCard** and **PepsiCo**, the fourth- and fifth-biggest ad spenders in last year's broadcast according to Kantar, aren't buying ads during the Oscars this year. PepsiCo, which didn't advertise its beverages in the Super Bowl this year either, is building sponsorships for new "culture-shaping" events, such as South by Southwest, an interactive film and music festival, and BlogHer, a women's blogging conference, says Bonin Bough, director of global social media for PepsiCo.

The Academy is attempting to broaden the show's appeal this year, expanding the Best Picture category to 10 nominations and boosting its digital presence, says Janet Weiss, director of marketing. That is in line with the changing media habits of consumers, who are increasingly watching TV and surfing the Web or chatting online at the same time. During the 2009 Oscars telecast, for instance, 11% of people who watched the awards show also were logged on to the Internet, according to Nielsen. That can translate into ad opportunities for marketers.

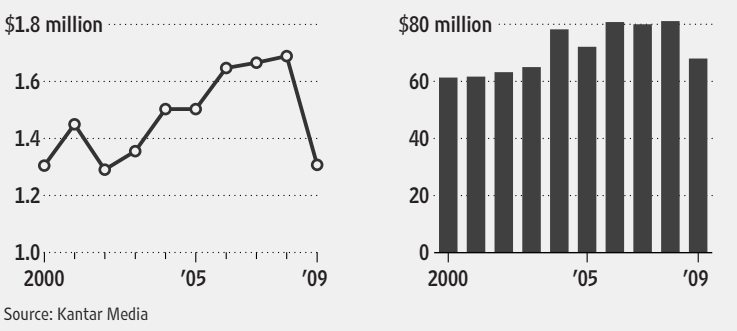
Some marketers are tacking the digital components of their marketing campaigns on to their relationship with ABC. Diet Coke is sponsoring the Red Carpet section of the site, and Hyundai is sponsoring its Nominations section. Samsung is sponsoring the Oscar.com home page on Sunday as well as the live Facebook chat, to promote the launch of its 3D TV sets.

But the boost in Oscar-related Web buzz means marketers don't have to stick with the official broadcaster. Cottonelle, which has two spots in the Oscars broadcast, is sponsoring E's Prediction Poll, an online quiz with a printable ballot, and a series of 20-second vignettes created by E that feature Academy Award-nominated actors and actresses. Hyundai is buying ads on a series of food sites, including **FoodNetwork.com**, **Epicurious.com** and **AllRecipes.com**, featuring Oscar party plans.

Some advertisers are buying ads on the coverage elsewhere and don't buy spots during the official broadcast. **Cadbury** isn't buying air time during ABC's broadcast, but its Dentyne chewing gum brand is advertising during E's red carpet TV show and its Stride chewing gum brand is advertising on celebrity gossip site PerezHilton.com the day after the Oscars. ABC says several other TV networks and media companies have covered the Oscars for some time and that the digital flurry is an extension of that.

Awards slip

As viewership of the Oscars has fallen, ad rates and spending have dropped.



Source: Kantar Media

U.S. retailers fared better in February

By Karen Talley

A stormy, snowy February didn't keep shoppers from stores and allowed the best same-store sales showing in six months, signaling that the recession appears to be thawing for U.S. retailers.

Comparable-store sales rose 4% when 2.9% was predicted for the 28 retailers that report through Thomson Reuters. The next best month was January, at 3.3%. The positive showing marks half a year of straight gains after 12 monthly declines.

With most retailers reporting, 82% beat expectations as they kept Christmas inventories low, were able to clear items without too much markdown and move spring merchandise in. The situation was helped by easy year-ago comparisons, when retail sales were jolted by the economic crisis.

"It's really looking good," said Erin Armendiger, managing director of the Baker Retailing Initiative at the Wharton School. And while stores did close as heavy snow fell, especially in the Northeast, sales were promising nonetheless, "which suggests we would have done even better," Ms. Armendiger said.

More important, observers said, will be how March shapes up because it is a longer month and will include more spending related to Easter, which falls on April 4, earlier than last year.

"A particularly soft March would not bode well for retailers already grappling with high unemployment and a weak job market," said Ken Perkins, research analyst at RetailMetrics.

In February, consumers hit the malls, with **Macy's** Inc., **Dillard's** Inc., **Abercrombie & Fitch** Co. and **Aeropostale** Inc. all beating projections.

Gap Inc. posted comparable-store sales of 3%, ahead of Wall Street's projection. Gap's Old Navy stores reported North American sales rose 6%.

Employees at Old Navy on Thursday morning were placing $5 and less banners for family springwear, hoping the combination of pent-up demand and very low prices will prove a draw for summer.

Surprisingly strong sales came from teen retailer **Zumiez** Inc., which reported a same-store sales rise of 11% in February, compared with Wall Street's projection of 1.2% growth and last year's 13% slide.

Associated Press

Sales at Victoria's Secret rose 10%, boosted by Valentine's Day.

In contrast, fellow teen retailer **Hot Topic** Inc. reported a 7% decrease in same-store sales but still surpassed the average Street estimate for a 13% decline.

Also strong was **Limited Brands** Inc., which reported a 10% increase in February same-store sales, benefiting from strong Valentine's Day-related sales at its Victoria's Secret division, where same-store sales rose 10%. Limited's total sales rose to $600.1 million from $547.8 million a year ago.

While the consumer in general appears to be spending more at stores, they are making fewer trips to get big-ticket items.

Cnooc is near deal to develop Iraq oil

By Hassan Hafidh

A consortium led by **Cnooc** Ltd., the Hong Kong-listed unit of **China National Offshore Oil** Corp., is the front-runner to win the right to develop Iraq's 2.5 billion-barrel Missan oil-field complex after agreeing to Iraqi government proposals, officials said Thursday.

The Iraqi Oil Ministry has concluded talks with Cnooc and its partner, **Sinochem International** Corp., relating to the development of the three Missan fields in southern Iraq and has submitted a draft contract to the cabinet for final approval, said one official familiar with the talks.

Cnooc officials couldn't be reached for comment.

An agreement would further cement China's strong role in developing Iraq's oil fields. Cnooc's rival **China National Petroleum** Corp. has been the dominant player there, finalizing an agreement in November as part of a consortium including **BP** PLC to develop southern Iraq's giant Rumaila oil field, and clinching a $3 billion deal in 2008 for the Ahdeb field in Wasit province in southeastern Iraq.

China's state-owned oil companies have been heavily investing overseas in recent years, albeit with mixed success, in an effort to ensure adequate supplies of fuel for the country's booming economy.

If the Cnooc-led consortium wins the right to develop the fields, they would have to pay a recoverable signature bonus of $300 million, according to Iraq oil ministry's tender protocol.

The Cnooc/Sinochem alliance made an unsuccessful bid for the complex in the country's first licensing auction in June. The two Chinese state-run companies initially offered to receive a remuneration fee of $21.40 for each extra barrel of oil produced and suggested raising production from the Fakka, Buzurgan and Abu Ghirab fields to 450,000 barrels a day.

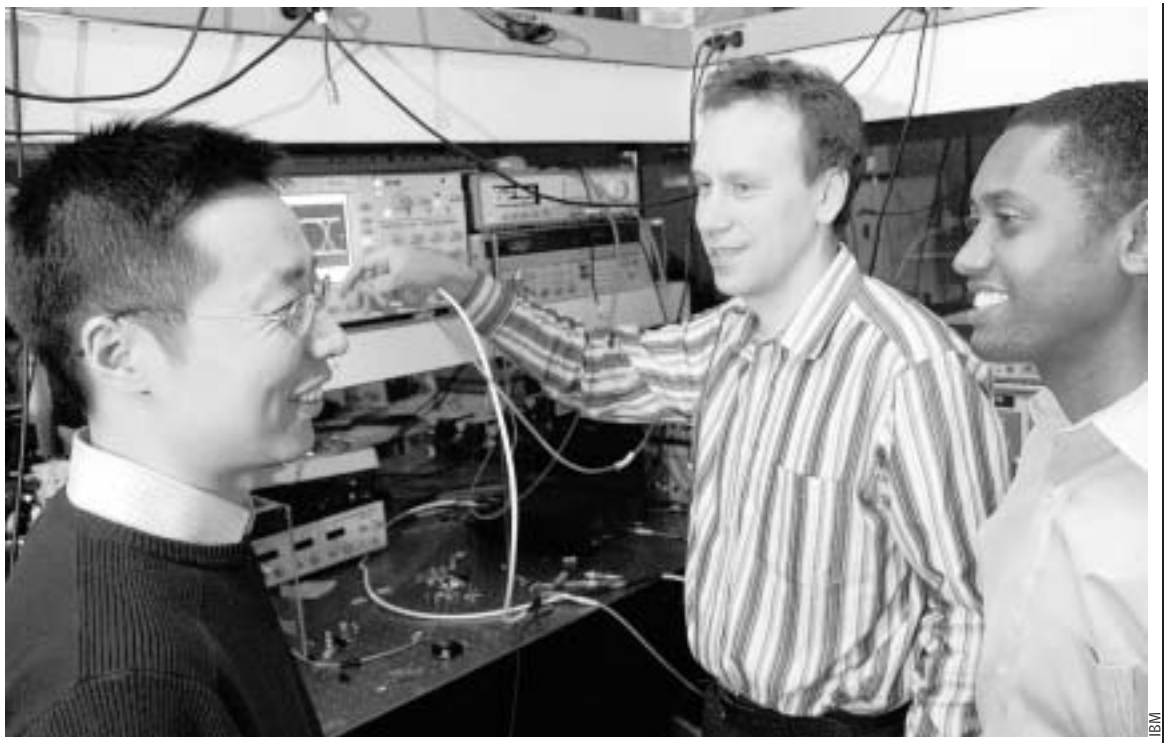
They subsequently lowered the fee to $18.09 a barrel, but that was still much higher than Baghdad's proposed fee of $2.30 a barrel, which the Chinese companies have now agreed to. "They have accepted the ministry's proposed fee," said Oil Ministry spokesman Assem Jihad.

Cnooc would hold a 60% stake in the venture; Sinochem will own 15% and an Iraqi state company will hold the remaining 25%, according to the ministry.

Iraq has set a minimum production plateau target of 275,000 barrels a day from the Missan fields, which are producing 100,000 barrels a day. If awarded, Missan would bring to 11 the number of deals signed with international companies from the first and second bidding rounds held last year.

The Chinese firms were the only companies that bid last year for Missan oil fields. Other companies were discouraged from bidding for the fields because some of them are in a disputed area near the border with Iran.

—Shai Oster in Beijing contributed to this article.


IBM

IBM scientists Fengnian Xia, Yurii Vlasov and Solomon Assefa were part of the team behind the research.

IBM claims advance in chips that use lasers, silicon circuits

By Paul Glader And Don Clark

Researchers at **International Business Machines** Corp. are claiming an important advance that could change the way computer chips communicate, sharply boosting speed while lowering energy consumption.

The goal is to use pulses of light rather than copper wires to exchange information between chips—and to build the needed components out of silicon rather than costly, esoteric materials.

IBM's advance involves a key component called an avalanche photodetector, which converts light into electricity. The researchers say they used silicon and the element germanium to create a photodetector that is among the fastest and least power-hungry of its kind. They are publishing their findings in the scientific journal Nature.

IBM isn't alone in the pursuit. Researchers at universities and companies including **Intel** Corp. and start-up **Luxtera** Inc., have also been working on improving chip performance using silicon-based optical components.

"This is the next wave of computing," said Richard Doherty, an analyst at market-research firm Envisioneering Group and a patent holder in optical communications. "By 2020, it may be the dominant way Google, governments, banks and other large users are doing their computing."

Optical communications involve encoding information on streams of light particles generated by lasers. The technology uses thin glass fibers rather than bulky cables, yet creates connections that allow more data to flow at higher speed.

Such benefits are the reason long-distance telephone wires were replaced with fiber-optic cables, a technology developed in the 1970s. Companies like Luxtera already sell silicon-based optical devices for linking up computers. Researchers are racing to miniaturize optical components so they can be built into microprocessors.

Intel has built a series of optical components from silicon and related materials, including a prototype avalanche photodetector it announced in December 2008. IBM says its version can detect 40 gigabits of data a second—four times the speed of Intel's—and operates at 1.5 volts rather than 30 volts.

"That can save a huge amount of power," said Yurii Vlasov, the lead scientist on the IBM research. He said IBM's photodetector can detect weak pulses and amplify them without adding unwanted noise, a previous problem with the technology.

Mario Paniccia, director of Intel's photonics technology lab, called IBM's advance another sign of progress in the field. "As a scientist, I think this is all great," he said. "It just drives more competition."

Mr. Vlasov said it could be five years until the technology makes its way into chips for high-end server systems.

It could take another five years before it is used in consumer products such as cellphones or video-game players, he said.

More such announcements in the field are likely, Mr. Doherty said, as researchers try to one-up each other.

CKI profit rises on gains abroad

Firm plans bid for Électricité de France arm

By Yvonne Lee

HONG KONG—**Cheung Kong Infrastructure Holdings** Ltd. said Thursday its 2009 net profit increased 26% because of disposal gains from an asset sale and higher contributions from overseas businesses, and said it plans to bid for the U.K. arm of **Électricité de France** SA this month.

The utility and infrastructure company has bolstered its overseas investments over the past few years to broaden its earnings base because of difficulties in expanding in the mature Hong Kong market, and has cash on hand of more than 10 billion Hong Kong dollars (US$1.3 billion) to fund such deals.

"Currently, we are working on a number of international acquisition opportunities in different sectors," Chairman Victor Li said in a prepared statement. "We are well-placed to consider large-scale acquisitions that add value to CKI's quality portfolio," he added.

CKI Executive Director Andrew Hunter said at a news conference the company and its 40%-owned affiliate **Hongkong Electric Holdings** Ltd. will jointly bid for U.K. power distributor EDF Energy by the middle of March.

Mr. Hunter said the company expects to find out if its bid is successful in May or June.

"We have lots of experience in the U.K.'s utilities businesses," Mr. Hunter said. "We see the investment could offer us a predictable and steady return."

French state-controlled utility Électricité de France, Europe's biggest power generator, plans to sell the U.K. power distributor as part of its plans to reduce debt.

EDF Energy is the largest electricity supplier in the U.K., supplying 7.8 million homes and businesses in the east and southeast of England. It accounts for 28% of the electricity distributed in the U.K.

CKI has investments in Hong Kong, mainland China, Australia, the U.K., Canada, the Philippines and New Zealand, with businesses ranging from electricity generation to water and natural-gas supplies.

CKI, which is controlled by businessman Li Ka-shing, said its net profit rose to HK$5.57 billion in 2009 from HK$4.42 billion in 2008. Its net profit was higher than the average HK$5.23 billion forecast of six analysts polled earlier by Thomson Reuters.

Revenue fell 11% to HK$2.18 billion from HK$2.45 billion.

Contributions to Cheung Kong Infrastructure from Hongkong Electric, which accounted for 46% of 2009 earnings, declined 17% last year because of a cut in the return permitted by the city's government. It contributed a net profit of HK$2.58 billion, down from HK$3.12 billion a year earlier.

Wednesday, Hongkong Electric posted a 17% decline in 2009 net profit to HK$8.03 billion a year earlier.

The utility has increased its overseas investments to broaden its earnings base because of difficulties in expanding in the mature Hong Kong market.

CKI's net profit from China, the company's second-largest market, increased 29% to HK$1.72 billion from HK$1.33 billion, boosted by a gain of HK$1.31 billion after it sold its power-plant assets in China's Guangdong and Jilin provinces to Hongkong Electric for HK$5.68 billion last year.

CKI's water- and gas-supply units in the U.K. generated a net profit of HK$616 million last year, up 12% from HK$550 million a year earlier.

To expand their overseas operations, CKI and Hongkong Electric agreed in November to raise their combined holding in the U.K.'s **Northern Gas Networks Holdings** Ltd. to 88.4% from 75.1% for £75.8 million (US$114.4 million).

Bristol expects 2013 impact from lost Plavix patent

By Peter Loftus

NEW YORK—**Bristol-Myers Squibb** Co. sees its 2013 earnings about 9% to 13% lower than anticipated 2010 levels due to the expected loss of market exclusivity for its top-selling anticlotting drug Plavix.

Bristol also said Thursday it expects to launch five new drugs by 2012, subject to regulatory approval—a prospect the U.S. drug maker is banking on to help offset the loss of patent protection for Plavix and other drugs. The experimental drugs include treatments for cancer, diabetes and heart disease.

The drug maker released the forecasts ahead of a meeting among its executives, Wall Street analysts and investors near its New York headquarters Thursday afternoon. It would be the first such meeting since late 2007, when Bristol announced a shift in strategy—to divest itself of nonpharmaceutical assets, including a baby-formula business, and use the proceeds to beef up its drug portfolio. Bristol also embarked on a cost-cutting campaign that included layoffs.

Bristol has become smaller and more focused on drug development at a time when some rivals, including **Pfizer** Inc., have taken a different tack, getting bigger and diversifying beyond brand-name prescription drugs.

Bristol has made a series of acquisitions and license deals, including last year's $2.2 billion purchase of Medarex. It still has about $10 billion in cash and marketable securities to fund more deals.

The pace of deals is likely to accelerate. This week, Bristol said Chief Executive James Cornelius would retire in May and be succeeded by Chief Operating Officer Lamberto Andreotti. Mr. Cornelius will remain chairman. Mr. Andreotti said he would pursue the same general strategy put in place by Mr. Cornelius, but pick up the pace of deals.

Bristol needs to expand its product lineup because it faces the loss of patent protection in 2012 for Plavix, which Bristol co-markets with Sanofi-Aventis SA. That will expose Plavix to cheaper generic competition, which will hurt sales of the branded drug. Bristol recorded $6.1 billion in Plavix sales for 2009, about one-third of its total revenue.

The five drugs Bristol expects to launch by 2012 are: anticlotting drug apixaban, belatacept for organ transplants, diabetes treatment dapagliflozin and cancer drugs brivanib and ipilimumab.

Bristol-Myers is the latest drug maker to detail how a pending patent cliff will hurt revenue. Pharmaceutical companies will lose tens of billions of dollars in sales as top-selling drugs begin facing generic competition over the next few years.

Bristol said Thursday it expects 2013 earnings of at least $1.95 a share, excluding certain items such as restructuring and acquisition charges.

That compares with a 2010 forecast of $2.15 to $2.25 a share, also excluding certain items. For 2009, Bristol earned $1.85 a share on the same basis.

Reported earnings, as calculated under generally accepted accounting principles, were $1.63 a share for 2009 and are expected to be $1.94 to $2.04 a share for 2010.

—Jonathan D. Rockoff contributed to this article.

AP Photo

Bristol faces the loss of patent protection for Plavix, above, in 2012.

HKEx seeks partners abroad

Hong Kong exchange operator's net fell 8.3% in 2009; new CEO looks to expand offerings

By Kate O'Keeffe

HONG KONG—**Hong Kong Exchanges & Clearing** Ltd., which runs the city's stock exchange, reported an 8.3% fall in net profit last year and said it is looking for ways to build ties with exchanges abroad even as it continues to focus on mainland China.

Charles Li, speaking at his first earnings announcement since becoming chief executive of HKEx in January, said the company "will consider international opportunities for alliances, partnerships and other relationships that present strategically compelling benefits consistent with its focus on markets in China."

Mr. Li avoided suggestions of mergers or acquisitions. "We're not going to go and buy some exchange...for our global ambition or for financial gains," he said at a news conference.

Instead, it appears HKEx may be more interested in more modest partnerships that could broaden its offerings. Romnesh Lamba, head of market development, suggested that partnering with an exchange such as **Deutsche Boerse** AG or the Chicago Mercantile Exchange, owned by **CME Group** Inc., would allow it to expand its derivatives business.

Still, the comments marked a departure for HKEx, which has previously emphasized relying on its own resources. Mr. Li, a former banker at J.P. Morgan Chase & Co. and the exchange's first chief executive from mainland China, attributed the shift in strategy to "changes in the financial market landscape."

HKEx also said Thursday net profit for the 12 months ended Dec. 31 fell to HK$4.70 billion (US$605.5 million) from HK$5.13 billion in 2008, on a decline in trading volume. The result was in line with analysts' expectations.

Downtick

Hong Kong Exchanges & Clearing net profit, in billions of Hong Kong dollars

Sources: Hong Kong Exchanges and Clearing; Agence France-Presse/Getty Images (photo)

Traders at the Hong Kong stock exchange

Hong Kong Exchanges makes money from fees and tariffs related to securities, options and derivatives trading, as well as listing fees, investment income and clearing and settlement fees.

Last year, the Hong Kong market raised HK$248.2 billion through initial public offerings, more money than any global competitor and almost four times the HK$66 billion raised in 2008. But it is facing increasing competition from Shanghai as Chinese companies, the main source of new listings in Hong Kong, are increasingly listing domestically. Shanghai is also looking into listing international companies.

Mr. Li said HKEx must be ready to seize opportunities to attract Chinese investors when China relaxes its strict capital restrictions.

He said the company's relationship with the Shanghai and Shenzhen exchanges is "very different" from the way it approaches international collaboration. HKEx already has frequent dealings with Chinese exchanges, including regular dialogue between the listing divisions in Shanghai and Hong Kong in matters such as dual listings of companies, for instance.

As part of a three-year plan ending in 2012, the bourse operator said it will work to expand into new asset classes and develop yuan-denominated products to serve international and Chinese investors, capitalizing on the city's growing role as an offshore center for the yuan.

Chairman Ronald Arculli said HKEx will continue to work on attracting new listings from companies in China, which accounted for about 82% of all IPO funds raised last year, adding that he sees a "promising" pipeline of IPO applicants for this year.

He also said the exchange will work to attract listings from companies in emerging markets, with a particular focus on metals and mining and energy sectors. UC Rusal, the aluminium producer controlled by Russian oligarch Oleg Deripaska, raised US$2.3 billion early this year in Hong Kong's first listing by a Russian company.

Prudential focus shifts to 3 big holders

By Vladimir Guevarra And Jessica Hodgson

LONDON—**Prudential** PLC shareholders are breathing easier as the stock has rebounded from a swoon early this week in the wake of the deal to buy **American International Group**'s Asian life-insurance unit. Eyes now turn to three large shareholders whose backing will be crucial to completing the $35.5 billion acquisition.

Capital World, a fund of **Capital Group of Cos.**; **BlackRock** Inc.; and **Legal & General Group** PLC hold a combined 21% of Prudential's stock.

Their level of support for the deal—and the $20 billion share sale needed to fund it—are crucial. All three declined to comment Wednesday. The remaining seven of Prudential's top 10 shareholders either declined to comment or didn't respond to requests for comment.

Shares of Prudential have risen 5.2% over the past two sessions, to 513 pence ($7.75) Thursday, following a 12% slide Monday and a further 8% drop Tuesday. Investors have fretted over the size of the deal, and in particular over the huge "rights issue," or sale of new shares to existing holders, that Prudential plans to use in part to finance the acquisition.

Bloomberg News

Do Prudential holders want AIA?

Under the terms of the deal, AIG will be paid a total of $35.5 billion for its American International Assurance Ltd. unit, comprising $25 billion in cash and $10.5 billion in new Prudential shares and other securities.

The cash component of the purchase will be financed through an underwritten rights issue, raising about $20 billion, and $5 billion of senior debt. Shareholders will vote on approving the deal and the rights issue in May.

The new shares are expected to be sold at a significant discount. The rights issue is fully underwritten by **Credit Suisse Group**, **HSBC Holdings** PLC and **J.P. Morgan Chase** & Co.'s London affiliate, J.P. Morgan Cazenove. That means should Prudential investors fail to subscribe to the new shares, the company would still get the cash from the banks.

Insuring success?

Largest Prudential PLC shareholders

Source: Thomson One Analytics

Prudential has declined to comment beyond remarks it made when announcing the deal Monday. Its chief executive, Tidjane Thiam, said the company and its bankers had already received some initial support from key shareholders before the AIA deal was announced.

"We can't reveal individual conversations, but we have brought over during this process a number of key investors who are supportive," he said. "And you can imagine that the banks would have conversations—without our presence—with some of our key investors to get comfortable before they decided to underwrite this rights issue."

Mr. Thiam added that he expects Asian investors to support the rights issue. Two people familiar with the matter said Wednesday that Prudential is in preliminary talks with Singapore state investment company **Temasek Holdings** Pte. Ltd. about potentially supporting the rights issue. Separately, three people familiar with the matter said Prudential has approached Asian banks, including Singapore's **DBS Group Holdings** Ltd., to underwrite the share issue, along with Credit Suisse, J.P. Morgan Cazenove and HSBC

Significant concerns remain about the complex integration required to make the deal a success, and particularly the rights issue. Fitch Ratings flagged the likelihood of a potential downgrade. Moody's Investors Service affirmed Prudential's senior debt rating but with a "negative outlook."

Standard & Poor's said uncertainties around the deal could have "negative credit rating implications" for Prudential.

Court rules Madoff victims can't sue UBS

By Mike Gordon

LUXEMBOURG—A court ruled Thursday that investors who lost money in Bernard Madoff's Ponzi scheme through funds set up by **UBS** AG can't sue the Swiss bank and its adviser **Ernst & Young** for the losses they incurred.

In a test case before a chamber of judges specialized in hearing commercial cases, the Luxembourg court found the investors had no grounds for individual claims against the bank. Instead, they must rely on the fund liquidator to obtain compensation for them from UBS.

The Luxembourg case is one of several pending Madoff-related legal actions world-wide. In the U.S., Madoff investors and regulators have sued several investment firms that channeled client money to Mr. Madoff, as well as the firms' auditors, alleging everything from fraud to recklessness in how they marketed the funds or performed due diligence on the Madoff firm. Those suits, including several against the largest so-called Madoff feeder fund, Fairfield Greenwich Group, are in early stages.

Spain's **Banco Santander** SA, one of the largest conduits of investor money to Mr. Madoff, reached a $235 million settlement last year with the U.S.-based court-appointed trustee gathering assets for Madoff investors

Thursday's ruling involved 10 private and institutional investors seeking compensation for money lost with their investments in LuxAlpha, a fund set up to provide a vehicle for wealthy clients to invest with Mr. Madoff.

The investors argued they have the right to claim individual damages as shareholders of the fund. But UBS countered that since the fund is in liquidation, only the liquidator can make a claim.

The court said the shareholders didn't demonstrate they have suffered individual damage separate from that suffered by LuxAlpha. They were also unable to show that any individual damage was caused by the alleged behavior by UBS and Ernst & Young, the court said.

Lawyer François Brouxel, who represents 70 clients bringing claims against UBS and the auditor, four of them part of the test case, said he will appeal. "The fact that we have lost, it's always disappointing, but the fight is not yet closed," he said.

Mr. Brouxel said he will request the case be referred to the European Court of Justice, because the Luxembourg law at issue is based on European Union law.

Responding to the ruling, UBS said only that it welcomes the clarification of the Luxembourg law. The bank has maintained that it set up the fund at the request of wealthy clients who wanted to invest in Madoff products and doesn't have any responsibility for the result.

Investors in the Luxembourg funds are thought to have lost more than $2.5 billion to Mr. Madoff's Ponzi scheme through two funds set up by UBS, including about $1.8 billion through the LuxAlpha fund and $800 million through another UBS-related fund, LuxInvest. LuxAlpha invested 95% of its assets with Mr. Madoff, who is in prison serving a 150-year sentence after pleading guilty to committing a $65 billion fraud.

MARKETS

With fistfuls of cash, firms on hunt

Companies begin to tap record capital piles for mergers; drugstore chain Walgreen reckons it may as well spend it

By Jeffrey McCracken And Tom McGinty

One year removed from the trough of the recession, American corporations continue to hoard more cash than ever.

There are now tentative signs that they are finally comfortable using the money to do some shopping.

The 382 nonfinancial firms in the Standard & Poor's 500 that have reported results for the fourth quarter of 2009 are now holding $932 billion in cash and short-term investments, according to a Wall Street Journal analysis of data from Capital IQ.

That sum is up 8% from the third quarter and an increase of 31% from a year ago.

At a time of low interest rates, reopened credit markets and growing optimism about the U.S. economy, chief executive officers and their boards seem to be questioning the wisdom of sitting on all that cash.

And with the S&P 500 still trading 29% below its October 2007 peak, companies are deciding that cash is their preferred currency for acquisitions—rather than shares that they see as undervalued.

Through the first two months of the year, the percentage of all-cash deals in the U.S. more than doubled from 2009, according to an analysis by Thomson Reuters.

Nearly 50% of deals this year have been all-cash offers, up from 24% of deals in 2009 and on par with 2006 and 2007, when credit was in oversupply.

"We are sitting on a lot of cash and generating a lot as well," said Wade Miquelon, chief financial officer of drugstore chain **Walgreen** Co., which last month spent $618 million to purchase **Duane Reade**, a nother drugstore chain that is based in New York City.

"Sitting around on all that cash and have it earning very little interest really does not make a lot of sense," Mr. Miquelon said.

Like a lot of U.S. companies, Walgreen reduced its costs during the past year, which for the drugstore chain included halting store openings and reducing inventory.

Mr. Miquelon said the moves saved the company about $2 billion in cash—freeing up money it later used in the Duane Reade deal.

"We are conservative with our cash, but hoarding it right now isn't probably the best use of it," Mr. Miquelon said.

That wasn't the corporate approach for the past two years.

As the economy suffered in 2009, corporate executives assumed a defensive crouch, cutting jobs and capital spending, waiting to survive the storm.

Alcoa Inc., for example, pegged top executives' 2009 compensation to goals for increasing the company's stash of cash, according to regulatory filings.

The aluminum maker cut 28,000 jobs, or 32% of its work force in 2009, and reduced capital expenditures by 53%.

Despite a 31% drop in revenue, Alcoa nearly doubled its cash to $1.5 billion during the year.

The cash hoard may also be untenable to institutional investors, who are worried that the cash is being used as a buffer to insulate management from bad decisions or that it is a sign that chief executives can't figure out what to do with it all.

Value investor Benjamin Graham lamented in 1949 that "the typical management will operate with more capital than necessary, if the stockholders permit it—which they often do."

That management-shareholder tension may explain why recent months have brought a bump in share buybacks and increased dividends, according to data provided by Thomson Reuters and S&P.

There were 62 announced share buybacks valued at $40.1 billion in February, the biggest month for announced buybacks since September 2008.

S&P estimates buybacks were up 37% in the fourth quarter from the third quarter.

For the past three months, there were 79 dividends increased and two reduced, compared with 58 and 41 for the same period a year ago, according to S&P.

Yet the most visible use of cash is coming in the mergers arena. When taking into account all the money spent on deals, 55% of the consideration during 2010 has come in the form of cash.

That number was 40% in 2009. The highest figure during the past decade was 57% in 2007, at the height of the leveraged-buyout boom, according to Thomson Reuters.

"In many cases, if you use cash for share buybacks or dividends you are signaling to the market you don't have a better use for the cash," said Paul Parker, Barclays Capital head of global mergers and acquisitions.

"For most CEOs, that message is the last one they want to send," Mr. Parker said.

Among the all-cash deals to be completed this year: **FirstEnergy** Corp.'s $4.7 billion purchase of Allegheny Energy; **Bank of New York Mellon** Corp.'s $2.31 billion purchase of a **PNC Financial Services Group** Inc. division; and **Diamond Foods** Inc.'s $615 million acquisition of Kettle Foods Inc. last week.

Other all-cash offers made this year, but not completed, include **Air Products & Chemicals** Inc.'s $5.12 billion hostile offer for **Airgas** Inc. and hedge fund **Elliott Associates**' offer this week to acquire technology provider **Novell** Inc. for $2 billion in cash.

"The specter of late 2008 was still fresh in our minds, but we felt more comfortable using cash now because we are seeing some positive signs of where the economy is going," said Sal Ianuzzi, chief executive of **Monster Worldwide** Inc.

On Feb. 3, Monster Worldwide announced plans to acquire Hotjobs.com from **Yahoo** Inc. for $225 million in cash.

The online job site was sitting on $250 million in cash, had access to about $300 million in a credit line and felt like it could get even more if needed.

Mr. Ianuzzi said he and other CEOs also expect their shares will move higher so it is better to use cash now for deals.

"Our view about the economy also makes us think our stock is undervalued," Mr. Ianuzzi said.

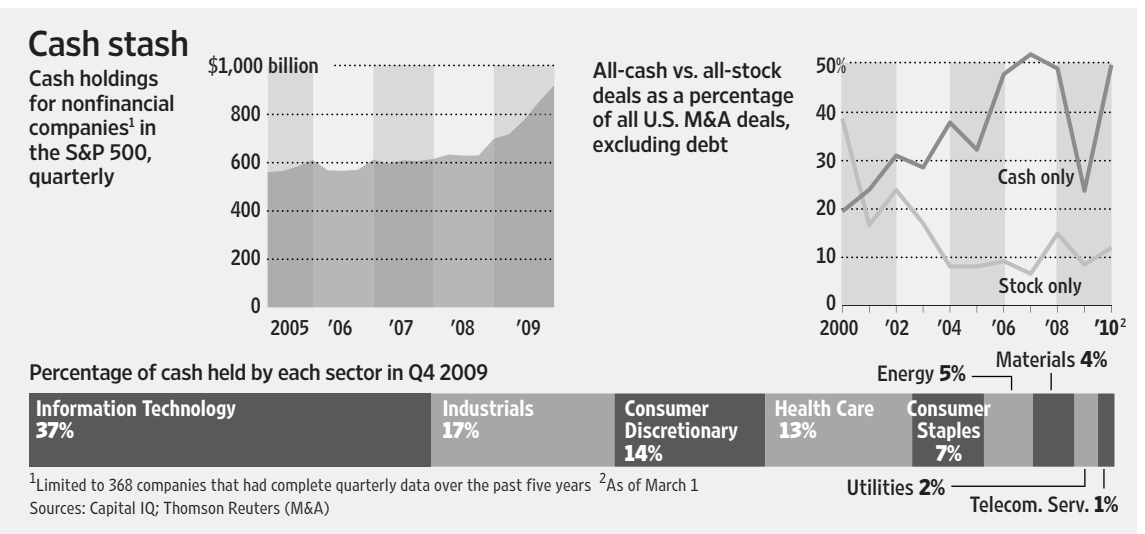
"So you take what your shares trades at now ... and you compare that to the cost of cash and financing that cash," he said.

"For us, it was pretty easy decision to go with all cash," he said.

There is another fear lurking inside boardrooms: That cash left on a balance sheet may be a target for shareholder activists.

Elliott, in its offer Tuesday for Novell, cited the $1 billion in cash on Novell's balance sheet as part of the reason for its offer.

Elliott could use Novell's money to help fund its acquisition.



Bank of Communications selects banks for offering

By Amy Or

HONG KONG—**Bank of Communications** Co., China's fifth-largest lender by assets, has picked 14 banks to handle its up to 42 billion yuan ($6.15 billion) rights issue, a person familiar with the situation said.

For the A-share tranche, **China International Capital** Corp., **Citic China Securities International** Co., **Credit Suisse Founder Securities** Co., **Huatai Securities** Co., **Haitong Securities** Co. and **UBS Securities** Co. are joint bookrunners.

Bank of America Merrill Lynch, **BNP Paribas** SA, **BOC International** Ltd., **Bocom International Holdings** Co., **Citic Securities** Co., **Deutsche Bank** AG, **Goldman Sachs Group** Inc., **HSBC Holdings** PLC are the joint coordinators for the H-share portion, the person said.

Bocom's planned rights issue will be China's second-largest follow-on offering, after China Mobile (Hong Kong) Ltd.'s $6.87 billion share sale in October 2000, data provider Dealogic said. That deal had 14 banks as advisers.

Shanghai Pudong Development Bank's $306 million follow-on offering in January 2003 was handled by a record 30 investment banks, and **China Merchants Bank** Co.'s $2.67 billion share sale in September 2006 had 28 financial institutions handling the books.

Bank of Communications is the latest Chinese financial institution to scramble to raise funds, after a lending binge last year ate into capital ratios.

Bank of China Ltd. said in January that it is planning a $5.9 billion convertible-bond sale, the largest of its kind in China.

China Merchants Bank said Tuesday that it would seek $3.2 billion from a rights issue, which starts Friday.

China Merchants Bank said China International Capital Corp., **UBS** AG and **Goldman Sachs Gaohua Securities** Co. are the lead underwriters of its rights issue on the A-share portion, and Bank of America Merrill Lynch, UBS, **J.P. Morgan Chase** & Co., and BNP Paribas are the joint lead underwriters for the H-share portion.

Standard Bank net falls 21%, bad debts rise

By Robb M. Stewart

JOHANNESBURG—**Standard Bank Group** Ltd., the largest African lender by assets, said its earnings fell 21% last year as bad debts rose and its business was dented by the global recession.

The Johannesburg-based company said Thursday that it is expecting a recovery this year and management's immediate focus will be to restore earnings to 2008 levels.

South African banks experienced a sharp rise in bad debt last year as the country's first recession in 17 years put pressure on consumers and businesses, leaving many unable to repay mortgages and loans.

Standard Bank's net profit dropped to 11.05 billion rand ($1.47 billion) from 13.93 billion rand a year earlier.

Credit impairment charges were 7% higher at 12.1 billion rand after more than doubling in 2008, which resulted in a credit-loss ratio of 1.6% against 1.55% a year ago, but an improvement from 1.84% during the first half of 2009.

U.S. raises $1.5 billion in sale of BofA warrants

By Meena Thiruvengadam

WASHINGTON—The U.S. sold its warrants to purchase shares of **Bank of America** Corp. stock for $1.5 billion, the Treasury said Thursday.

The figure represents the most the Treasury has earned yet from its sale of warrants in a single institution, beating results both from other auctions as well as from privately negotiated sales.

The Treasury received warrants in several financial institutions as a means of maximizing returns on a $700 billion government effort to rescue the financial sector. It still holds warrants for shares in several banks that have paid back at least a portion of government aid they received.

It received two sets of warrants from Bank of America: one when it provided capital to the bank in 2008 and another when it provided additional aid in 2009.

The Treasury sold 150.4 million warrants with a strike price of $13.30 a share for $8.35 each. Bidding on those warrants, which expire in January 2019, started at $7 a share. Prices for the warrants came in near the high end of the range expected by Linus Wilson, a University of Louisiana at Lafayette finance professor who has been tracking Treasury warrant-auction data. Mr. Wilson had projected the warrants would fetch between $5.13 and $8.85 a share.

The Treasury sold 121.8 million warrants with a strike price of $30.79 for $2.55 each. Bidding for those warrants, which expire in October 2018, started at $1.50 each. Prices for those warrants were near the midrange of Mr. Wilson's estimate of $1.58 to $4.85 a share.

The amount earned by the Treasury in Wednesday's Bank of America warrant auction is more than the $936 million the Treasury earned when it auctioned warrants it held to purchase common stock in **J.P. Morgan Chase** & Co. and the $1.1 billion it got from **Goldman Sachs Group** Inc. to buy back warrants to purchase its common stock.

Shares of Bank of America shares were changing hands at $16.43 in midday trade Thursday in New York.

Japanese yields weak as investors seek haven

By Andrew Monahan

TOKYO—Japanese government-bond yields were flat to lower as a stronger yen clouded the outlook for Japan's export sector, dragging stocks down and sparking a move to haven assets.

BOND MARKETS

Yields may fall further by the end of trade Friday in Tokyo, as some market participants buy to hedge against the possibility of weaker-than-expected results in a key monthly U.S. employment report, analysts said.

Comments from Bank of Japan policy board member Tadao Noda that the central bank shouldn't buy more Japanese government bonds did little to temper demand for government debt, analysts said.

The central bank already purchases 21.6 trillion yen ($244.3 billion) worth of domestic government securities annually to increase market liquidity. But going over such a level "could be misinterpreted as a sign that the BOJ finances public debt, which could produce a side-effect that [Japan's] long-term yields will rise," Mr. Noda said.

The yield on the new benchmark 10-year JGB was flat at 1.330%. The two-year yield was down 0.005 percentage point at 0.150%.

Dollar up on euro, yen

By Bradley Davis

NEW YORK—The dollar strengthened against the euro and yen as better-than-expected U.S. jobs data contrasted with the fiscal struggles of the euro zone.

The euro slipped below $1.36 and the dollar rose 0.7% against the yen as U.S. weekly claims for jobless benefits fell last week by more than expected. Also, U.S. factory orders increased, though at a rate slower than economists had predicted.

CURRENCY MARKETS

European Central Bank President Jean-Claude Trichet on Thursday offered relatively little to investors wanting assurance on Greek debt in a question-and-answer session following the central bank's decision to leave key euro zone interest rates unchanged and to keep providing banks with generous liquidity.

Bank of England earlier offered the falling pound some support after it also stood pat on key rates.

Midday Thursday, the euro was trading at $1.3572, from $1.3696 late Wednesday, and at 120.88 yen from 121.17 yen. The dollar was at 89.05 yen from 88.42 yen. The pound was at $1.5031 from $1.5100, while the dollar was at 1.0776 Swiss francs from 1.0681 francs.

Ex-counsel at AIG joins DLA Piper

By Serena Ng

The former general counsel of **American International Group** Inc., Anastasia Kelly, has joined law firm **DLA Piper** in Washington, about two months after she resigned over government-imposed pay curbs and secured more than $3 million in severance.

Ms. Kelly will collect about $3.04 million in severance payments from AIG in biweekly installments until December 2011, the company detailed in its annual report last week. Her exit package totals more than $3.9 million, including pay the 60-year-old had accrued when she left the government-controlled insurer at the end of 2009, according to people familiar with the matter.

An amendment to AIG's executive-severance plan that kicks in this month would enable the company to reduce its severance payments to executives if they get paying jobs elsewhere. Ms. Kelly resigned before the change takes effect, so the new terms won't apply to her, according to people familiar with the matter.

Ms. Kelly didn't respond to a request for comment. She joined AIG in 2006 and resigned after her annual cash salary was reduced to $500,000 in mid-December from about $900,000 as a result of determinations by U.S. pay czar Kenneth Feinberg, who has authority to limit pay for the top employees of firms that have received significant government aid.

Before Mr. Feinberg's action, four senior executives joined Ms. Kelly in notifying AIG that they would have "good reason" to resign and collect severance if their pay was cut.

All but Ms. Kelly later rescinded those notices and have stayed at the firm.

In 2009, Ms. Kelly, who was named a vice chairman of AIG, was due to earn a bonus of as much as $2.2 million, she told Fortune magazine last month.

DLA Piper said Ms. Kelly has been named counsel and is expected to tap her experience in corporate-governance issues and crisis management to help clients.

Last month, AIG hired Thomas Russo, the former top in-house lawyer at Lehman Brothers Holdings Inc., as its general counsel.

FUND SCORECARD

China Equity

Funds that invest at least 75% of equity assets in Chinese companies, and less than 10% in Taiwan. At least 75% of total assets are invested in equities. Ranked on % total return (dividends reinvested) in U.S. dollars for one year ending March 04, 2010

Leading 10 Performers

FUND RATING *	FUND NAME	FUND MGM'T CO.	CURR.	LEGAL BASE	% Return in $US ** YTD	1-YR	2-YR	5-YR
NS	**GAM Star China Equity - USD Acc**	GAM Fund Management Limited	USD	Ireland	**2.61**	144.22	25.53	NS
1	**Hang Seng CHN H Shr Idx L150 A**	Hang Seng Investment Management Ltd	HKD	Cayman Isl	**-9.54**	137.40	-15.20	22.23
1	**HSZ China CHF**	Falcon Fund Management (Switzerland) Ltd	CHF	SwitzrInd	**-3.83**	131.82	5.94	NS
5	**Landkreditt Kina**	Landkreditt Forvaltning AS	NOK	Norway	**-0.25**	125.52	8.08	NS
NS	**Macquarie IPO China Gateway A1**	Macquarie Funds Management HK Ltd.	USD	Cayman Isl	**-3.76**	123.61	-1.97	NS
5	**First State New Era PRC**	First State Investments (UK) Ltd	USD	Hong Kong	**-2.01**	108.27	2.71	25.15
3	**Atlantis China**	Atlantis Investment Management Limited	USD	Ireland	**2.87**	107.64	-3.31	26.76
NS	**First State China Focus I Acc**	First State Investments (Hong Kong) Ltd	USD	Ireland	**0.27**	103.15	2.91	NS
5	**First State China Growth II**	First State Investments (Hong Kong) Ltd	USD	Ireland	**-2.17**	102.74	1.73	24.33
NS	**Fortis Haitong Overseas QDII**	Fortis Haitong Investment Mgmt Co.,Ltd	CNY	China	**-5.41**	101.70	NS	NS

NOTE: Changes in currency rates will affect performance and rankings.
KEY: ** 2YR and 5YR performance is annualized
NA-not available due to incomplete data;
NS-fund not in existence for entire period

Source: Morningstar, Ltd
1 Oliver's Yard, 55-71 City Road
London EC1Y 1HQ United Kingdom
www.morningstar.co.uk; **Email**: mediaservice@morningstar.com
Phone: +44 (0)203 107 0038; **Fax**: +44 (0)203 107 0001

Advertisement

INTERNATIONAL INVESTMENT FUNDS [Search by company, category or country at asia.WSJ.com/funds]

MORNINGSTAR®

Data as shown is for information purposes only. No offer is being made by Morningstar, Ltd. or this publication. Funds shown aren't registered with the U.S. Securities and Exchange Commission and aren't available for sale to United States citizens and/or residents except as noted. Prices are in local currencies. All performance figures are calculated using the most recent prices available.

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
AHW CAPITAL MANAGEMENT									
Tel (+49) 1805 - 23 82 82									
www.ahw-capital.com									
AHW Top-Div.Int.	GL	EQ	LUX	03/03	EUR	50.34	-7.9	50.0	-23.5
ALLIANCE BERNSTEIN									
www.alliancebernstein.com/investments Tel. +800 2263 8637									
Am Eq Blend A	OT	OT	LUX	03/03	USD	10.40	0.3	62.0	-9.7
Am Eq Blend B	US	EQ	LUX	03/03	USD	9.75	0.0	60.4	-10.6
Am Growth A	US	EQ	LUX	03/03	USD	30.70	-1.7	55.9	-0.4
Am Growth AX	US	EQ	LUX	03/03	USD	33.17	-1.6	56.8	0.2
Am Growth B	US	EQ	LUX	03/03	USD	25.77	-1.9	54.3	-1.4
Am Growth C	US	EQ	LUX	03/03	USD	27.76	-1.8	55.2	-0.8
Am Growth I	US	EQ	LUX	03/03	USD	34.07	-1.6	57.1	0.4
Am Income A	US	BD	LUX	03/03	USD	8.52	2.0	30.9	6.8
Am Income A2	US	BD	LUX	03/03	USD	19.44	2.1	30.9	6.7
Am Income A2	OT	OT	NA	03/03	HKD	150.91	2.1	30.9	6.7
Am Income AT	OT	OT	NA	03/03	HKD	65.98	2.0	30.9	6.7
Am Income AT	US	BD	LUX	03/03	USD	8.50	2.0	30.9	6.7
Am Income B	US	BD	LUX	03/03	USD	8.52	1.9	29.8	5.9
Am Income B2	US	BD	LUX	03/03	USD	16.73	2.0	30.0	6.0
Am Income B2	OT	OT	NA	03/03	HKD	129.87	2.0	30.0	6.0
Am Income BT	OT	OT	NA	03/03	HKD	66.37	1.9	29.9	6.0
Am Income BT	US	BD	LUX	03/03	USD	8.55	1.9	29.9	6.0
Am Income C	US	BD	LUX	03/03	USD	8.52	2.0	30.2	6.2
Am Income C2	US	BD	LUX	03/03	USD	24.89	2.0	30.3	6.2
Am Income I	US	BD	LUX	03/03	USD	8.52	2.1	31.6	7.4
Am Value A	US	EQ	LUX	03/03	USD	8.61	0.9	52.7	-9.1
Am Value B	US	EQ	LUX	03/03	USD	7.91	0.8	51.2	-10.0
Am Value C	US	EQ	LUX	03/03	USD	8.61	0.9	52.1	-9.4
Am Value I	US	EQ	LUX	03/03	USD	9.28	1.1	53.9	-8.3
Emg Mkts Debt A	GL	BD	LUX	03/03	USD	15.74	2.3	50.1	8.8
Emg Mkts Debt A2	GL	BD	LUX	03/03	USD	20.57	2.3	50.3	8.9
Emg Mkts Debt AT	GL	BD	LUX	03/03	USD	15.79	2.3	50.3	8.9
Emg Mkts Debt B	GL	BD	LUX	03/03	USD	15.74	2.1	48.7	7.8
Emg Mkts Debt B2	GL	BD	LUX	03/03	USD	19.78	2.2	48.8	7.8
Emg Mkts Debt BT	GL	BD	LUX	03/03	USD	15.77	2.2	48.7	7.8
Emg Mkts Debt C	GL	BD	LUX	03/03	USD	15.74	2.2	49.5	8.4
Emg Mkts Debt C2	GL	BD	LUX	03/03	USD	20.20	2.2	49.5	8.4
Emg Mkts Debt I	GL	BD	LUX	03/03	USD	15.74	2.3	50.9	9.4
Emg Mkts Growth A	GL	EQ	LUX	03/03	USD	33.46	-3.4	96.2	-12.1
Emg Mkts Growth B	GL	EQ	LUX	03/03	USD	28.31	-3.6	94.3	-13.0
Emg Mkts Growth C	GL	EQ	LUX	03/03	USD	28.98	-3.5	95.3	-12.5
Emg Mkts Growth I	GL	EQ	LUX	03/03	USD	37.14	-3.3	97.8	-11.4
Eur Growth A	OT	OT	LUX	03/03	USD	9.70	0.7	47.2	-11.9
Eur Growth A	OT	OT	LUX	03/03	EUR	7.08	0.7	47.2	-11.9
Eur Growth B	OT	OT	LUX	03/03	EUR	6.35	0.5	45.3	-12.8
Eur Growth B	OT	OT	LUX	03/03	USD	8.70	0.5	45.3	-12.8
Eur Growth C	EU	EQ	LUX	03/03	EUR	5.36	0.6	46.4	-12.4
Eur Growth I	OT	OT	LUX	03/03	USD	10.57	0.7	48.2	-11.3
Eur Growth I	OT	OT	LUX	03/03	EUR	7.72	0.7	48.2	-11.3
Eur Income A	OT	OT	LUX	03/03	EUR	6.73	3.0	50.2	7.1
Eur Income A	OT	OT	LUX	03/03	USD	9.22	3.0	50.2	7.1
Eur Income A2	OT	OT	LUX	03/03	EUR	13.26	3.0	50.2	7.1
Eur Income A2	OT	OT	LUX	03/03	USD	18.16	3.0	50.2	7.1
Eur Income AT	EU	BD	LUX	03/03	EUR	6.72	3.1	50.3	7.1
Eur Income B	OT	OT	LUX	03/03	EUR	6.73	2.8	49.3	6.3
Eur Income B	OT	OT	LUX	03/03	USD	9.22	2.8	49.3	6.3
Eur Income B2	OT	OT	LUX	03/03	EUR	12.32	2.9	49.2	6.3
Eur Income B2	OT	OT	LUX	03/03	USD	16.88	2.9	49.2	6.3
Eur Income BT	EU	BD	LUX	03/03	EUR	6.72	2.8	49.2	6.3
Eur Income C	OT	OT	LUX	03/03	EUR	6.73	2.9	49.7	6.6
Eur Income C	OT	OT	LUX	03/03	USD	9.22	2.9	49.7	6.6
Eur Income C2	OT	OT	LUX	03/03	EUR	13.21	3.0	49.6	6.6
Eur Income C2	OT	OT	LUX	03/03	USD	18.10	3.0	49.6	6.6
Eur Income I	OT	OT	LUX	03/03	EUR	6.73	3.0	50.9	7.6
Eur Income I	OT	OT	LUX	03/03	USD	9.22	3.0	50.9	7.6
Eur Strat Value A	OT	OT	LUX	03/03	EUR	8.47	-0.7	55.7	-16.0
Eur Strat Value A	OT	OT	LUX	03/03	USD	11.60	-0.7	55.7	-16.0
Eur Strat Value I	OT	OT	LUX	03/03	EUR	8.68	-0.7	57.0	-15.3
Eur Strat Value I	OT	OT	LUX	03/03	USD	11.89	-0.7	57.0	-15.3
Eur Value A	OT	OT	LUX	03/03	EUR	9.10	-1.1	59.4	-12.4
Eur Value A	OT	OT	LUX	03/03	USD	12.47	-1.1	59.4	-12.4
Eur Value B	OT	OT	LUX	03/03	USD	11.45	-1.2	57.7	-13.3
Eur Value B	OT	OT	LUX	03/03	EUR	8.36	-1.2	57.7	-13.3
Eur Value C	OT	OT	LUX	03/03	USD	12.04	-1.1	58.4	-12.8
Eur Value C	OT	OT	LUX	03/03	EUR	8.79	-1.1	58.4	-12.8
Eur Value I	OT	OT	LUX	03/03	USD	14.42	-0.8	60.8	-11.7
Eur Value I	OT	OT	LUX	03/03	EUR	10.53	-0.8	60.8	-11.7
Gl Balanced (Euro) A	OT	OT	LUX	03/03	USD	15.85	0.9	39.4	-7.6
Gl Balanced (Euro) B	OT	OT	LUX	03/03	USD	15.41	0.7	38.0	-8.6
Gl Balanced (Euro) C	OT	OT	LUX	03/03	USD	15.73	0.9	39.2	-7.9
Gl Balanced (Euro) I	OT	OT	LUX	03/03	USD	16.16	1.0	NS	NS
Gl Balanced A	US	BA	LUX	03/03	USD	16.37	-0.7	44.9	-8.3
Gl Balanced B	US	BA	LUX	03/03	USD	15.54	-0.8	43.4	-9.3
Gl Balanced C	OT	OT	LUX	03/03	USD	16.12	-0.7	44.4	-8.6
Gl Balanced C	OT	OT	LUX	03/03	EUR	11.77	-0.7	44.4	-8.6
Gl Balanced I	US	BA	LUX	03/03	USD	17.00	-0.5	45.8	-7.7
Gl Bond A	US	BD	LUX	03/03	USD	9.37	2.1	17.7	4.9
Gl Bond A2	US	BD	LUX	03/03	USD	16.36	2.2	17.9	4.9
Gl Bond A2	OT	OT	NA	03/03	HKD	127.00	2.2	17.9	4.9
Gl Bond AT	OT	OT	LUX	03/03	HKD	72.66	2.2	17.9	4.9
Gl Bond AT	US	BD	LUX	03/03	USD	9.36	2.2	17.9	4.9
Gl Bond B	US	BD	LUX	03/03	USD	9.37	1.9	16.6	3.8
Gl Bond B2	US	BD	LUX	03/03	USD	14.30	2.0	16.6	3.8
Gl Bond B2	OT	OT	NA	03/03	HKD	111.01	2.0	16.6	3.8
Gl Bond BT	OT	OT	LUX	03/03	HKD	72.97	2.0	16.7	3.9
Gl Bond BT	US	BD	LUX	03/03	USD	9.40	2.0	16.7	3.9
Gl Bond C	US	BD	LUX	03/03	USD	9.37	2.0	17.2	4.4
Gl Bond C2	US	BD	LUX	03/03	USD	14.18	2.1	17.3	4.4
Gl Bond I	US	BD	LUX	03/03	USD	9.37	2.2	18.3	5.5
Gl Conservative A	US	BA	LUX	03/03	USD	14.85	0.4	26.5	-2.7
Gl Conservative A2	US	BA	LUX	03/03	USD	16.99	0.4	26.5	-2.7
Gl Conservative B	US	BA	LUX	03/03	USD	14.86	0.2	25.3	-3.7
Gl Conservative B2	US	BA	LUX	03/03	USD	16.12	0.2	25.3	-3.7
Gl Conservative C	US	BA	LUX	03/03	USD	14.85	0.3	25.9	-3.2
Gl Conservative C2	US	BA	LUX	03/03	USD	16.61	0.3	25.9	-3.2
Gl Conservative I	US	BA	LUX	03/03	USD	14.92	0.5	27.6	-1.9
Gl Eq Blend A	GL	EQ	LUX	03/03	USD	11.36	-2.6	65.1	-17.8
Gl Eq Blend B	GL	EQ	LUX	03/03	USD	10.64	-2.8	63.4	-18.6
Gl Eq Blend C	GL	EQ	LUX	03/03	USD	11.15	-2.7	64.2	-18.2
Gl Eq Blend I	GL	EQ	LUX	03/03	USD	12.00	-2.4	66.4	-17.1
Gl Growth A	GL	EQ	LUX	03/03	USD	41.03	-2.1	57.6	-18.2
Gl Growth B	GL	EQ	LUX	03/03	USD	34.20	-2.2	56.0	-19.0
Gl Growth C	GL	EQ	LUX	03/03	USD	39.34	-2.2	56.9	-18.6
Gl Growth I	GL	EQ	LUX	03/03	USD	45.62	-2.0	58.8	-17.6
Gl High Yield A	US	BD	LUX	03/03	USD	4.39	2.8	66.9	7.1
Gl High Yield A2	US	BD	LUX	03/03	USD	9.52	2.8	67.0	7.1
Gl High Yield A2	OT	OT	NA	03/03	HKD	73.90	2.8	67.0	7.1
Gl High Yield AT	OT	OT	NA	03/03	HKD	33.77	3.0	67.1	7.2
Gl High Yield AT	US	BD	LUX	03/03	USD	4.35	3.0	67.1	7.2
Gl High Yield B	US	BD	LUX	03/03	USD	4.39	2.6	64.9	5.8
Gl High Yield B2	US	BD	LUX	03/03	USD	15.28	2.7	65.4	6.0
Gl High Yield B2	OT	OT	NA	03/03	HKD	118.61	2.7	65.4	6.0
Gl High Yield BT	OT	OT	NA	03/03	HKD	34.31	2.6	65.4	6.0
Gl High Yield BT	US	BD	LUX	03/03	USD	4.42	2.6	65.4	6.0
Gl High Yield C	US	BD	LUX	03/03	USD	4.39	2.7	66.0	6.5
Gl High Yield C2	US	BD	LUX	03/03	USD	14.11	2.8	66.4	6.6
Gl High Yield I	US	BD	LUX	03/03	USD	4.39	2.9	68.0	7.8
Gl Thematic Res. A	OT	OT	LUX	03/03	USD	14.61	-0.8	89.2	-0.1
Gl Thematic Res. B	OT	OT	LUX	03/03	USD	12.76	-1.0	87.4	-1.1
Gl Thematic Res. I	OT	OT	LUX	03/03	USD	16.31	-0.7	90.5	0.7
Gl Value A	GL	EQ	LUX	03/03	USD	10.80	-3.1	73.1	-17.4
Gl Value B	GL	EQ	LUX	03/03	USD	9.90	-3.3	71.3	-18.2
Gl Value C	GL	EQ	LUX	03/03	USD	10.49	-3.1	72.5	-17.7
Gl Value I	GL	EQ	LUX	03/03	USD	11.50	-3.0	74.5	-16.7
Greater China A	AS	EQ	LUX	03/03	USD	38.04	-5.0	70.1	-11.8
Greater China B	AS	EQ	LUX	03/03	USD	33.61	-5.1	68.5	-12.7
Greater China C	AS	EQ	LUX	03/03	USD	37.53	-5.0	69.4	-12.2
India Growth A	OT	OT	LUX	03/03	USD	127.89	0.8	NS	NS
India Growth AX	OT	OT	LUX	03/03	USD	111.84	0.8	111.7	-3.6
India Growth B	OT	OT	LUX	03/03	USD	133.75	0.6	NS	NS
India Growth BX	OT	OT	LUX	03/03	USD	95.44	0.6	109.5	-4.5
India Growth I	EA	EQ	LUX	03/03	USD	116.00	0.9	112.6	-3.2
Int'l Health Care A	OT	EQ	LUX	03/03	USD	141.93	3.2	42.9	-4.0
Int'l Health Care B	OT	EQ	LUX	03/03	USD	119.51	3.1	41.5	-5.0
Int'l Health Care C	OT	EQ	LUX	03/03	USD	135.92	3.2	42.3	-4.4
Int'l Health Care I	OT	EQ	LUX	03/03	USD	155.28	3.4	44.1	-3.2
Int'l Technology A	OT	EQ	LUX	03/03	USD	106.96	-3.1	68.9	-4.4
Int'l Technology B	OT	EQ	LUX	03/03	USD	92.52	-3.3	67.2	-5.3
Int'l Technology C	OT	EQ	LUX	03/03	USD	103.29	-3.2	68.2	-4.8
Int'l Technology I	OT	EQ	LUX	03/03	USD	120.09	-2.9	70.3	-3.6
Japan Eq Blend A	JP	EQ	LUX	03/03	JPY	5929.00	-1.6	37.1	-17.2
Japan Eq Blend B	JP	EQ	LUX	03/03	JPY	5712.00	-1.7	35.7	-18.0
Japan Eq Blend C	JP	EQ	LUX	03/03	JPY	5830.00	-1.6	36.5	-17.6
Japan Growth A	JP	EQ	LUX	03/03	JPY	5637.00	-4.0	23.8	-18.6
Japan Growth B	JP	EQ	LUX	03/03	JPY	5431.00	-4.2	22.6	-19.4
Japan Growth C	JP	EQ	LUX	03/03	JPY	5543.00	-4.1	23.3	-19.0
Japan Strat Value A	JP	EQ	LUX	03/03	JPY	6184.00	1.0	50.6	-16.1
Japan Strat Value B	JP	EQ	LUX	03/03	JPY	5964.00	0.9	49.2	-17.0
Japan Strat Value C	JP	EQ	LUX	03/03	JPY	6076.00	1.0	49.9	-16.5
Real Estate Sec. A	OT	EQ	LUX	03/03	USD	14.14	-1.5	91.1	-12.5
Real Estate Sec. B	OT	EQ	LUX	03/03	USD	12.90	-1.7	89.1	-13.3
Real Estate Sec. I	OT	EQ	LUX	03/03	USD	15.21	-1.4	92.5	-11.8
Short Mat Dollar A	US	BD	LUX	03/03	USD	7.28	0.7	14.8	-3.3
Short Mat Dollar A2	US	BD	LUX	03/03	USD	9.86	0.7	14.8	-3.4
Short Mat Dollar AT	US	BD	LUX	03/03	USD	7.27	0.9	15.0	-3.3
Short Mat Dollar B	US	BD	LUX	03/03	USD	7.28	0.7	14.3	-3.8
Short Mat Dollar B2	US	BD	LUX	03/03	USD	9.81	0.7	14.3	-3.8
Short Mat Dollar BT	OT	OT	LUX	03/03	USD	7.28	0.7	NS	-4.0
Short Mat Dollar C	US	BD	LUX	03/03	USD	7.28	0.7	14.3	-3.8
Short Mat Dollar C2	US	BD	LUX	03/03	USD	13.87	0.7	14.3	-3.8
Short Mat Dollar I	US	BD	LUX	03/03	USD	7.28	0.8	15.4	-2.8

Advertisement

[ALTERNATIVE INVESTMENT FUNDS www.WSJ.com] Advertisement

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
ALEXANDRA INVESTMENT MANAGEMENT									
Tel: +1 212 301 1800 Fax: +1 212 301 1810									
Alexandra Convertible Bond Fund I, Ltd. (Class A)	OT	OT	VGB	01/29	USD	1778.08	5.1	80.4	NS
CREDIT PACIFIC ASSET MANAGMENT									
www.creditpacific.com									
CPS-Master Priv Fund	GL	OT	WSM	03/02	USD	104.28	4.3	26.7	21.6
PLATINUM CAPITAL MANAGEMENT									
Tel: +44 207 024 9840, www.platinumfunds.net									
Platinm-All Star	OT	OT	CYM	12/31	USD	97.22	15.7	15.7	-12.2
Platinm-All Weather	OT	OT	USA	10/31	USD	129.92	2.4	3.2	3.8
Platinm-Dynasty	OT	OT	USA	12/31	USD	116.00	12.9	12.9	-29.1
Platinm-Emancipation	OT	OT	USA	12/31	USD	93.12	24.4	24.4	-8.6
Platinm-Equity Plus	OT	OT	USA	05/29	USD	35.02	-18.2	-63.7	-45.6
Platinm-Gbl Dividend	OT	OT	CYM	12/31	USD	62.80	37.2	37.2	-26.9
Platinm-Nordic	OT	OT	CYM	12/31	SEK	617.36	13.2	13.2	-16.2
Platinm-Premier	OT	OT	CYM	12/31	USD	21.20	-55.9	-66.0	-44.3
Platinm-Turnberry	OT	OT	USA	12/31	USD	60.07	NS	NS	-29.4
SUPERFUND ASSET MANAGEMENT GMBH									
For info about open funds, contact info@superfund.com and www.superfund.com									
*Closed for New Investments									
Superfund Cayman*	OT	OT	CYM	03/02	USD	36.86	-9.6	-57.1	-21.6
Superfund GCT USD*	GL	EQ	LUX	03/02	USD	2015.00	-8.2	-45.9	-16.0
Superfund Green Gold A (SPC)	OT	OT	CYM	03/02	USD	945.02	-2.0	-24.1	-9.3
Superfund Green Gold B (SPC)	OT	OT	CYM	03/02	USD	887.44	-5.2	-39.0	-16.7
Superfund Q-AG*	OT	OT	AUT	03/02	EUR	6312.00	-4.7	-29.0	-6.5
WINTON CAPITAL MANAGEMENT LTD									
Tel: +44 (0)20 7610 5350 Fax: +44 (0)20 7610 5301									
Winton Evolution EUR Cls H	OT	OT	CYM	02/26	EUR	948.03	0.3	-6.0	NS
Winton Evolution GBP Cls G	OT	OT	CYM	02/26	GBP	955.79	0.7	-5.2	NS
Winton Evolution USD Cls F	OT	OT	CYM	02/26	USD	1203.51	0.4	-5.9	-0.4
Winton Futures EUR Cls C	OT	OT	VGB	02/26	EUR	196.05	-0.4	-5.7	1.6
Winton Futures GBP Cls D	OT	OT	VGB	02/26	GBP	212.23	-0.3	-5.2	2.4
Winton Futures JPY Cls E	OT	OT	VGB	02/26	JPY	13978.70	0.7	-5.5	-0.1
Winton Futures USD Cls B	OT	OT	VGB	02/26	USD	696.84	-0.4	-5.7	1.3
ALLIANZ GLOBAL INVESTORS KAPITALANLAGEGESELLSCHAFT									
Concentra AE	EU	EQ	DEU	03/04	EUR	50.63	-2.3	63.9	-4.4
Industria AE	EU	EQ	DEU	03/04	EUR	71.28	0.7	49.3	-10.9
InternRent AE	EU	BD	DEU	03/04	EUR	37.62	6.8	5.8	11.2
CHARTERED ASSET MANAGEMENT PTE LTD - TEL NO: 65-6835-8866									
Fax No: 65-6835 8865, Website: www.cam.com.sg, Email: cam@cam.com.sg									
CAM-GTF Limited	AS	EQ	MUS	02/26	USD	291543.70	6.2	132.5	11.4

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

MARKETS

U.S. stocks inch upward as Walt Disney rallies

By Kristine Peterson And Donna Kardos Yesalavich

NEW YORK—U.S. stocks edged higher in light trading Thursday, weighed down by health-care stocks as insurance companies dropped after a White House meeting.

Shortly after midday, the Dow Jones Industrial Average was up 20.48 points, or 0.2%, at 10417.24. **Walt Disney** was the measure's best performer, up 2.5%, after Bank of America Merrill Lynch raised its investment rating on the stock to "buy" from "neutral," calling it "one of the most compelling equities in Media and Entertainment" heading into fiscal 2011.

ABREAST OF THE MARKET

Boeing and **Coca-Cola** both received ratings upgrades from **UBS** and were among the Dow's other top performers. Boeing climbed 1.4% while Coca-Cola rose 1.2%.

Meanwhile, the Dow's technology components slipped. **Intel** fell 1.1%, while **International Business Machines** declined 0.8%.

The Nasdaq Composite was flat at 2281.40. The Standard & Poor's 500-stock index rose less than one point to 1119.71. Its financial and consumer sectors led the upside. Meanwhile, energy stocks slid as crude-oil prices fell after settling Tuesday at their highest level since mid-January.

Health-care stocks tumbled, led by a fall from insurance companies, after executives entered a meeting with U.S. Health and Human Services Secretary Kathleen Sebelius at the White House. White House spokesman Robert Gibbs said President Barack Obama hopes to see the House approve health-care legislation by March 18. **UnitedHealth Group** fell 1.2%, **Aetna** was down 2% and **Cigna** also fell 2%.

Investors were pleasantly surprised Thursday as a number of retailers, especially those geared to teen shoppers, reported improved sales in February, thanks to easy year-ago comparisons.

Among the companies that topped expectations, **Zumiez** shares jumped 14%, while **Abercrombie & Fitch** climbed 11% and **Aeropostale** rose 7.1%.

European stocks

In Europe, key stock indexes ended slightly lower after a choppy session, bouncing back from larger losses as two of the region's central banks said they remained committed to ultra-low interest rates.

The Stoxx Europe 600 index gained 0.4 point, or 0.2%, to 253, while the U.K. FTSE 100 index fell 0.1% to 5527.16. In Frankfurt, the DAX fell 0.4% to 5795.32, while Paris's CAC 40 index fell 0.4% to 3828.41.

Banks were higher on expectations that a wide spread between short-term interest rates and rates on longer-dated debt will help lenders make money.

—Sarah Turner contributed to this article.

Long-term Treasurys take a turn higher

By Min Zeng

NEW YORK—Prices of long-dated Treasurys rebounded from early losses Thursday as an unexpected decline in pending home sales dented sentiment on the economic outlook.

The releases contrasted with earlier reports showing bigger-than-forecast improvement in employment and productivity, pointing to an unsteady economic recovery. The key economic release of the week, February's nonfarm payroll data, is due Friday morning.

U.S. CREDIT MARKETS

The 30-year bond was the biggest winner of the market, with its price also supported by a report showing a main gauge of inflation, unit labor costs, continued to drop in the fourth quarter of 2009. Inflation is the main threat to the value of long-dated Treasurys.

In late-morning trade, the price of the two-year note was down 2/32 at 100 2/32, yielding 0.8432%. The 10-year note was up 3/32 at 100 3/32 to yield 3.6135%, and the 30-year bond rose 14/32 to 101 2/32 to yield 4.5595%. Bond yields move inversely to prices.

The yield spread between the two-year notes and the 10-year notes, known as the benchmark yield curve, flattened to 2.75 percentage points from 2.80 percentage points Wednesday. The gap hit more than 2.92 points last month.

Banks, property firms drag Shanghai lower

By V. Phani Kumar And Colin Ng

Chinese banking and property shares lost ground Thursday, a day before the mainland's annual National People's Congress amid concerns about policy tightening.

Hong Kong stocks were led down as heavyweight stock **China Mobile** extended losses after the telecommunications giant said it was in talks to buy a stake in **Shanghai Pudong Development Bank** Co. Japanese stocks declined as a stronger yen hurt exporters, with **Mitsubishi Motors** plunging after it scrapped talks with PSA Peugeot-Citroën for a capital alliance.

ASIAN-PACIFIC STOCKS

China's Shanghai Composite fell 2.4% to close at 3023.37, and Hong Kong's Hang Seng Index dropped 1.4% to 20575.78. Japan's Nikkei Stock Average of 225 companies finished off 1.1% at 10145.72.

Traders said investors were also cautious ahead of the European Central Bank's interest-rate decision later Thursday and U.S. jobs data Friday, while recent developments around debt-strapped Greece were being watched closely.

Chinese banking and property shares fell sharply ahead of the upcoming annual meeting of the Chinese People's Political Consultative Conference and the National People's Congress.

Industrial & Commercial Bank of China lost 1.8% and **China Merchants Bank** Co. gave up 2.2% in Shanghai amid concerns about monetary tightening. **China Vanke** Co. lost 2% in Shenzhen, on expectations policy makers may act to cool property prices in some cities.

"A key watch point is whether there will be any mention of property tax," said analysts at Credit Suisse. "High property prices stood out as the issue that delegates are most worried about, and the government is under huge pressure to address this."

In Hong Kong, China Mobile dropped 2.4%, its third straight decline, on the company's plan to buy a stake in Shanghai Pudong Development Bank. Locally traded shares of Chinese banks added to the selling pressure, with **China Construction Bank** Corp. dropping 2.9% and ICBC shedding 2.5%.

In Tokyo, investors weren't keen to take on large positions before Friday's U.S. nonfarm payrolls data, traders said. "What investors are watching the most [for] is whether the yen will weaken or rise against the dollar," said Yukio Takahashi, market analyst at Mizuho Securities.

Mitsubishi Motors tumbled 11% on news the auto maker couldn't reach an agreement with PSA Peugeot-Citroën for a capital alliance.

Some shipping companies advanced after a rise in the Baltic Dry Index, with **Nippon Yusen** gaining 0.6% and **Kawasaki Kisen Kaisha** rising 1.9%.

Miners gained in Australia. **BHP Billiton** rose 1.5%.

[Search by company, category or country at asia.WSJ.com/funds] INTERNATIONAL INVESTMENT FUNDS Advertisement

GAM

■ GAM FUND MANAGEMENT LIMITED
George's Court, 54-62 Townsend Street, Dublin 2, Ireland
Tel +353 1 609 3927 Fax +353 1 611 7941, Internet: www.gam.com

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
GAM Arbitrage Op	OT	OT	VGB	02/19	USD	1293.95	4.1	26.1	-5.9
GAM Asia Eq Hdg JPY Op	GL	EQ	VGB	03/01	JPY	14055.34	-9.5	65.5	0.3
GAM Asia Equity Hedge US	OT	OT	VGB	03/01	USD	262.69	-9.5	66.3	1.5
GAM Asia Equity USD	OT	OT	VGB	03/03	USD	623.15	-4.7	83.6	-9.7
GAM Asia-Pacific Eq USD	OT	OT	VGB	03/02	USD	1288.55	0.4	46.4	-12.9
GAM Com Glb Bal EUR Op	US	BA	VGB	02/26	EUR	96.23	-0.5	18.8	-7.0
GAM Com Glb Bal USD Op	US	BA	VGB	02/26	USD	127.05	-0.5	18.8	-7.0
GAM Comp Glb Eq EUR Op	GL	EQ	VGB	02/26	EUR	98.45	-1.8	28.7	-12.4
GAM Comp Glb Eq USD Op	GL	EQ	VGB	02/26	USD	124.92	-1.8	28.7	-12.4
GAM Comp Glb Gr EUR Op	US	BA	VGB	02/26	EUR	87.09	-1.5	20.4	-10.4
GAM Comp Glb Gr USD Op	US	BA	VGB	02/26	USD	124.96	-1.5	20.4	-10.4
GAM CompAbsRT EUR Op	OT	OT	VGB	09/30	EUR	141.71	9.1	0.1	-6.9
GAM CompAbsRT SGD Op	OT	OT	VGB	09/30	SGD	102.21	9.2	-0.1	-8.3
GAM CompAbsRT USD Op	OT	OT	VGB	09/30	USD	845.66	9.5	0.7	-7.0
GAM Cptal Apprec Eq Inc	US	EQ	VGB	02/26	USD	245.05	-1.4	50.8	-7.8
GAM Cross Trading Inc	OT	OT	VGB	02/22	USD	462.50	-0.7	4.2	NS
GAM Diversity CHF Op	OT	OT	VGB	02/22	CHF	94.15	-0.2	3.5	-6.2
GAM Diversity EUR Op	OT	OT	VGB	02/22	EUR	648.05	-0.1	4.2	-4.7
GAM Diversity USD 2.5XL	OT	OT	VGB	02/22	USD	77.91	-0.5	7.7	-17.9
GAM Diversity USD Op	OT	OT	VGB	02/22	USD	680.55	-0.1	4.3	-5.2
GAM Dvrsty II CHF Op	OT	OT	VGB	02/22	CHF	99.34	-0.2	2.9	-5.8
GAM Dvrsty II EUR Op	OT	OT	VGB	02/22	EUR	138.66	-0.1	3.3	-4.8
GAM Dvrsty II USD Op	OT	OT	VGB	02/22	USD	210.00	-0.1	3.6	-5.1
GAM DvrstyIII EUR Op	OT	OT	VGB	02/22	EUR	115.42	-0.1	3.2	-5.0
GAM DvrstyIII USD Op	OT	OT	VGB	02/22	USD	121.89	-0.1	3.5	-5.1
GAM Euro Eq Hdg EUR Op	EU	EQ	VGB	03/01	EUR	219.63	0.4	14.9	-1.8
GAM Euro Eq Hdg USD Op	OT	OT	VGB	03/01	USD	203.83	0.2	16.0	-0.9
GAM European Equity USD	OT	OT	VGB	03/03	USD	277.43	-6.9	51.9	-12.5
GAM GAMCO	OT	EQ	VGB	03/02	USD	834.20	2.9	67.3	-7.4
GAM Gb EmMkts Hdg EUROp	OT	OT	VGB	03/01	EUR	96.97	-0.9	12.5	-16.1
GAM Gb EmMkts Hdg USDOp	OT	OT	VGB	03/01	USD	102.42	-0.7	13.3	-15.3
GAM Gbl Divers USD Inc.	GL	EQ	VGB	03/01	USD	249.66	-0.1	44.7	-5.5
GAM Grtr China Eq Hdg Op	GL	EQ	VGB	03/01	USD	260.39	-9.2	100.9	19.3
GAM Intrst Trend II	GL	BD	VGB	02/26	USD	105.18	11.7	78.5	-1.9
GAM Intrst Trend Inc	OT	OT	VGB	02/26	USD	280.08	11.4	96.6	-0.5
GAM Japan Eq Hdg EUR Op	AS	EQ	VGB	03/01	EUR	123.08	5.5	23.2	-0.9
GAM Japan Eq Hdg USD Op	OT	OT	VGB	03/01	USD	125.87	3.1	22.3	-14.6
GAM Japan Eq Hdg YEN Open	AS	EQ	VGB	03/01	JPY	8666.73	3.1	23.2	-13.6
GAM Japan USD	JP	EQ	VGB	03/03	USD	1143.59	3.7	42.8	-11.2
GAM Japan YEN	JP	EQ	VGB	03/03	JPY	8972.29	1.7	36.4	-15.7
GAM Money Mkt EuroOp	EU	MM	VGB	03/03	EUR	51.16	0.7	0.8	1.7
GAM Money Mkt USD	US	MM	VGB	03/03	USD	100.07	0.2	0.1	0.6
GAM Multi-Arb EUR Op	OT	OT	VGB	02/22	EUR	112.58	1.2	1.2	-8.1
GAM Multi-Arb USD Op	OT	OT	VGB	02/22	USD	117.47	1.2	1.4	-8.4
GAM Multi-China EUR Op	OT	OT	VGB	02/22	EUR	160.09	-4.7	6.7	-6.6
GAM Multi-China USD Op	OT	OT	VGB	02/22	USD	168.72	-4.5	7.6	-7.2
GAM Multi-Emer Mkts GBP	OT	OT	VGB	02/22	GBP	129.24	-1.7	23.0	-1.2
GAM Multi-Emer Mkts USD	OT	OT	VGB	02/22	USD	639.96	-1.7	23.2	-1.6
GAM Multi-Eur EUR Op	OT	OT	VGB	02/22	EUR	266.62	-0.8	4.9	-7.3
GAM Multi-Eur II EUR Op	OT	OT	VGB	02/22	EUR	137.19	-0.8	4.8	-7.3
GAM Multi-Eur II USD Op	OT	OT	VGB	02/22	USD	112.21	-0.8	4.8	-8.3
GAM Multi-Eur USD Op	OT	OT	VGB	02/22	USD	464.05	-0.8	4.3	-8.2
GAM Multi-Nth Am EUR Special	OT	OT	VGB	02/22	EUR	133.91	-0.1	9.0	-1.7
GAM Multi-Nth Am USD Special	OT	OT	VGB	02/22	USD	217.86	-0.1	9.2	-1.9
GAM Multi-Pac EUR Op	GL	EQ	VGB	02/22	EUR	139.71	-2.6	1.4	-3.5
GAM Multi-Pac USD Op	OT	OT	VGB	02/22	USD	161.39	-2.4	1.8	-3.8
GAM Portable Dvr/S&P500	OT	OT	VGB	08/24	USD	70.11	17.7	-27.7	-22.9
GAM Selection Hdg	US	EQ	VGB	02/26	USD	2697.91	2.3	68.6	13.1
GAM Sing/Malaysia	AS	EQ	VGB	03/03	USD	2446.04	-3.1	70.5	-6.5
GAM Sterling Spe Bd Inc	OT	OT	VGB	03/01	GBP	238.99	3.9	52.8	6.6
GAM Trading EUR Inc	OT	OT	VGB	02/22	EUR	322.62	-0.8	3.7	4.0
GAM Trading USD Inc	OT	OT	VGB	02/22	USD	966.09	-0.7	4.2	3.4
GAM Trdg II IncEUR Op	OT	OT	VGB	02/22	EUR	138.02	-0.7	3.6	3.9
GAM Trdg II IncUSD Op	OT	OT	VGB	02/22	USD	313.69	-0.7	4.2	3.4
GAM Trdg IV IncEUR Op	OT	OT	VGB	02/22	EUR	145.61	-0.8	3.5	3.7
GAM Trdg IV IncUSD Op	OT	OT	VGB	02/22	USD	153.36	-0.8	4.0	3.2
GAM Trdg V IncEUR Op	OT	OT	VGB	02/22	EUR	123.43	-0.8	3.4	3.6
GAM Trdg V IncUSD Op	OT	OT	VGB	02/22	USD	128.67	-0.7	4.0	3.2
GAM TrdgIII IncEUR Op	OT	OT	VGB	02/22	EUR	155.69	-0.8	3.6	3.6
GAM TrdgIII IncUSD Op	OT	OT	VGB	02/22	USD	161.31	-0.7	4.0	3.2
GAM USDSpecBondInc	US	BD	VGB	03/01	USD	560.55	5.8	104.1	10.3
GAM Worldwide	GL	EQ	VGB	03/03	USD	2148.51	-4.3	53.0	-9.7
GAMut Investments	OT	OT	VGB	02/28	USD	7610.98	0.4	0.9	5.8

■ GAM Star Fund Plc

GAMStar-AsEqCHF Ord Ac	AS	EQ	IRL	03/03	CHF	10.82	-1.7	63.4	-9.9
GAMStar-AsEqEUR Ord Ac	AS	EQ	IRL	03/03	EUR	11.85	-0.3	68.1	-5.5
GAMStar-AsEqGBP Ord Ac	AS	EQ	IRL	03/03	GBP	1.60	2.4	70.8	3.2
GAMStar-AsEqUSD Ord Ac	AS	EQ	IRL	03/03	USD	12.75	-5.3	82.4	-10.2
GAMStar-AsPacEqEUR Acc	AS	EQ	IRL	03/03	EUR	105.71	4.2	38.8	-7.2
GAMStar-AsPacEqEUR Inc	AS	EQ	IRL	03/03	EUR	102.30	4.2	38.8	-7.2
GAMStar-ContEurEqEUR Ac	EU	EQ	IRL	03/03	EUR	11.01	-0.5	45.8	-4.8
GAMStar-EurpEqEUR Acc	EU	EQ	IRL	03/03	EUR	181.57	-1.8	42.3	-7.8
GAMStar-EurpEqEUR Inc	EU	EQ	IRL	03/03	EUR	165.91	-1.8	42.2	-7.8
GAMStar-EurpEqUSD Acc	EU	EQ	IRL	03/03	USD	15.17	-6.7	54.2	-12.3
GAMStar-EurpEqUSD Inc	EU	EQ	IRL	03/03	USD	13.75	-6.7	54.1	-12.3
GAMStar-FrontierOppUSD Acc	GL	EQ	IRL	03/02	USD	5.59	1.9	50.6	NS
GAMStar-JpnEq EUR Acc	JP	EQ	IRL	03/03	EUR	93.64	6.3	33.5	-6.6
GAMStar-JpnEq EUR Inc	JP	EQ	IRL	03/03	EUR	93.64	6.3	33.5	-6.6
GAMStar-JpnEq JPY Acc	JP	EQ	IRL	03/03	JPY	936.02	1.3	34.1	-17.5
GAMStar-JpnEq USD Acc	JP	EQ	IRL	03/03	USD	11.54	3.3	39.4	-13.0
GAMStar-World EqUSD Acc	GL	EQ	IRL	03/03	USD	2163.67	-4.2	54.0	-9.2

LIST YOUR FUNDS

In print & online. Contact:
carson.wong@dowjones.com

THE WALL STREET JOURNAL. ASIA
PRINT • ONLINE • MOBILE

Manulife WEALTH MANAGEMENT 宏利財富管理

■ MANULIFE ASSET MANAGEMENT TEL:(852)2108 1110
Internet:http://www.manulife.com.hk 47/F Manulife Plaza, Causeway Bay, Hong Kong

American Growth	US	EQ	LUX	03/04	USD	15.14	-0.6	55.0	-9.0
American Growth AA	US	EQ	LUX	03/04	USD	0.87	-0.6	54.6	-6.5
Asian Equity	AS	EQ	LUX	03/04	USD	2.34	-3.6	85.3	-7.5
Asian Equity AA	AS	EQ	LUX	03/04	USD	0.75	-3.7	84.6	-7.8
Asian Sm Cap Equity AA	AS	EQ	LUX	03/04	USD	1.16	0.4	121.0	-0.2
China Value A	AS	EQ	LUX	03/04	USD	6.65	-5.8	70.6	-4.4
China Value AA	AS	EQ	LUX	03/04	USD	2.09	-5.9	70.1	-4.6
Dragon Growth	AS	EQ	LUX	03/04	USD	1.55	-4.2	75.8	-5.5
Dragon Growth AA	OT	OT	LUX	03/04	HKD	7.56	-4.1	75.6	-6.4
Emg Eastrn Europe A	EU	EQ	LUX	03/04	USD	4.60	-1.0	143.3	-13.7
Emg Eastrn Europe AA	EU	EQ	LUX	03/04	USD	1.98	-1.0	142.9	-13.9
European Growth	EU	EQ	LUX	03/04	USD	8.70	-5.9	79.3	-15.9
European Growth AA	EU	EQ	LUX	03/04	USD	0.62	-6.0	78.8	-16.1
Global Contrarain AA	GL	EQ	LUX	03/04	USD	0.92	3.6	134.5	NS
Global Property AA	OT	EQ	LUX	03/04	USD	0.67	-0.6	100.6	-11.3
Global Resources AA	OT	EQ	LUX	03/04	USD	1.08	-1.6	71.1	-15.8
Healthcare AA	OT	EQ	LUX	03/04	USD	0.98	4.4	44.0	NS
India Equity AA	EA	EQ	LUX	03/04	USD	1.07	-2.3	107.1	-8.5
International Growth	GL	EQ	LUX	03/04	USD	3.01	-1.5	49.6	-12.7
International Growth AA	GL	EQ	LUX	03/04	USD	0.70	-1.6	49.2	-12.9
Japanese Growth	JP	EQ	LUX	03/04	USD	2.79	2.0	40.6	-9.8
Japanese Growth AA	JP	EQ	LUX	03/04	USD	0.74	2.6	41.2	-9.7
Latin America Equity AA	GL	EQ	LUX	03/04	USD	1.25	-3.1	130.6	-6.2
Manulife GF Strategic Income Fund AA	OT	OT	NA	03/04	USD	1.03	2.2	NS	NS
MGF Asia Value Dividend Equity Fund	OT	OT	Lux	03/04	USD	1.12	-0.9	NS	NS
Russia Equity AA	EE	EQ	LUX	03/04	USD	0.68	7.9	172.2	-18.1
Taiwan Equity AA	AS	EQ	LUX	03/03	USD	1.00	-7.7	88.5	-3.1
Turkey Equity AA	EE	EQ	LUX	03/04	USD	0.74	-4.0	153.7	-2.6
U.S. Bond AA	US	BD	LUX	03/04	USD	1.13	2.4	20.2	8.1
U.S. Sm Cap Equity AA	US	EQ	LUX	03/04	USD	0.89	8.9	107.9	-5.3
U.S. Special Opportunities	OT	OT	LUX	03/04	USD	0.89	8.8	113.6	9.0
U.S. Tsy Inf-ProtSec AA	OT	BD	LUX	03/04	USD	1.14	0.2	10.4	0.6

■ PT CIPTADANA ASSET MANAGEMENT
Tel: +62 21 25574 883 Fax: +62 21 25574 893 Website: www.ciptadana.com

Indonesian Grth Fund	EA	EQ	CYM	02/24	USD	129.40	1.6	135.8	-2.6

Sensible Asset Management
A Value Partners Group company

■ SENSIBLE ASSET MANAGEMENT LIMITED
www.samfund.com.hk Tel: (852) 2868 6848 Fax: (852) 2810 9948

Asia Value Formula Fd-B	AS	EQ	CYM	03/03	USD	7.94	-1.0	115.2	-2.9

SOCIETE GENERALE Asset Management

■ SG ASSET MANAGEMENT (HK) LTD
Hotline in Hong Kong 2166 5099
A company of Amundi Group
www.sgam.com

Bonds Eur Hi Yld A	OT	OT	LUX	03/02	EUR	21.31	3.5	58.8	5.2
Bonds EURO A	OT	OT	LUX	03/02	EUR	41.63	1.4	5.2	4.7
Bonds EUROPE A	OT	OT	LUX	03/03	EUR	39.58	1.2	4.1	4.0
Bonds US OppsCoreplus A	OT	OT	LUX	03/02	USD	37.50	1.6	17.6	7.9
Bonds World A	OT	OT	LUX	03/03	USD	41.89	-0.3	14.0	2.7
Eq. AsiaPac Dual Strategies A	OT	OT	LUX	03/03	USD	10.00	-4.1	88.9	-7.8
Eq. China A	AS	EQ	LUX	03/03	USD	22.42	-7.1	75.7	-10.0
Eq. Concentrated Euroland A	OT	OT	LUX	03/02	EUR	89.76	-3.4	38.6	-14.4
Eq. ConcentratedEuropeA	EU	EQ	LUX	03/02	EUR	26.37	-2.4	50.3	-13.7
Eq. Emerging Europe A	OT	OT	LUX	03/02	EUR	24.89	5.7	119.4	-18.7
Eq. Euroland A	EU	EQ	LUX	03/02	EUR	10.49	-3.1	43.6	-14.9
Eq. Euroland Small Cap A	OT	OT	LUX	03/02	EUR	142.34	0.8	54.9	-7.1
Eq. EurolandCyclclsA	EU	EQ	LUX	03/02	EUR	17.88	0.4	52.4	-9.9
Eq. EurolandFinancialA	OT	EQ	LUX	03/02	EUR	10.38	-8.2	81.4	-18.3
Eq. Glbl Emg Cty A	GL	EQ	LUX	03/02	USD	9.00	-7.1	82.1	-16.1
Eq. Global A	GL	EQ	LUX	03/03	USD	27.67	-0.7	65.7	-9.8
Eq. Global Energy A	OT	OT	LUX	03/02	USD	17.43	-3.9	47.9	-16.6
Eq. Global Resources A	OT	OT	LUX	03/02	USD	107.33	-1.7	74.1	-15.0
Eq. Gold Mines A	OT	EQ	LUX	03/02	USD	29.81	-1.6	51.3	-7.8
Eq. India A	OT	OT	LUX	03/03	USD	127.94	-2.1	106.6	-8.8
Eq. Japan CoreAlpha A	OT	OT	LUX	03/03	JPY	7435.79	2.5	43.4	-6.6
Eq. Latin America A	OT	OT	LUX	03/02	USD	111.84	-3.8	107.5	-11.6
Eq. US Lg Cap Gr A	US	EQ	LUX	03/02	USD	15.13	-0.8	58.6	-8.5
Eq. US Rel Val A	US	EQ	LUX	03/02	USD	20.64	0.2	70.2	-11.1
Eq, US Sm Cap Val A	US	EQ	LUX	03/03	USD	16.49	3.4	77.3	-13.3
Money Market EURO A	EU	MM	LUX	03/02	EUR	27.41	0.1	0.7	2.3
Money Market USD A	US	MM	LUX	03/02	USD	15.83	0.0	0.3	1.3

The National Investor

■ THE NATIONAL INVESTOR
TNI Tower | Zayed 1st Street Khalidia| Web:www.tni.ae

TNI Mena Real Estate Fund	OT	OT	BMU	02/25	USD	893.63	-7.0	2.7	-30.4
TNI MENA Special Sits Fund	OT	OT	BMU	01/31	USD	1091.50	1.1	13.6	NS
TNI UAE Blue Chip Fund	OT	OT	ARE	02/25	AED	4.72	-11.5	12.3	-37.6

Value Partners
Investing through discipline

■ WEBSITE: WWW.VALUEPARTNERS.COM.HK, TEL: (852) 2880 9263, FAX: (852) 2564 8487
**formerly known as China ABH Shares Fund*

Intel-Chin MainInd Foc	AS	EQ	CYM	02/26	USD	28.68	-3.9	76.4	6.4
Intel-China Converg*	AS	EQ	CYM	02/26	USD	109.61	-3.9	76.5	4.4
VP Classic - A	AS	EQ	CYM	03/03	USD	182.71	-2.0	85.5	1.2
VP Classic - B	AS	EQ	CYM	03/03	USD	85.09	-2.1	84.6	0.7
VP High Dividend Stk	AS	EQ	CYM	03/01	USD	45.70	0.6	87.3	5.1

yuki
Yuki Management & Research
Tel +81-3-5299-3277 www.yukijapan.co.jp

■ YUKI INTERNATIONAL LIMITED
Tel +44-207-269 0203 www.yukifunds.com

■ YMR-N Series

YMR-N Growth Fund	OT	OT	IRL	03/04	JPY	8981.00	-5.0	27.1	-18.0
YMR-N Small Cap Fund	OT	OT	IRL	03/04	JPY	6508.00	-7.2	19.1	-18.8

■ Yuki 77 Series

Yuki 77 General	JP	EQ	IRL	03/04	JPY	5744.00	-6.6	17.3	-22.1
Yuki 77 Growth	JP	EQ	IRL	03/04	JPY	5256.00	-6.8	10.9	-25.8

■ Yuki Chugoku Series

Yuki Chugoku Jpn Gen	JP	EQ	IRL	03/04	JPY	6539.00	-4.2	24.8	-17.8
Yuki Chugoku JpnLowP	JP	EQ	IRL	03/04	JPY	7651.00	1.5	18.2	-15.9

■ Yuki Hokuyo Japan Series

Yuki Hokuyo Jpn Gen	JP	EQ	IRL	03/04	JPY	4502.00	-3.7	20.2	-21.6
Yuki Hokuyo Jpn Inc	JP	EQ	IRL	03/04	JPY	5159.00	-1.7	21.4	-16.5
Yuki Hokuyo Jpn Sm Cap	JP	EQ	IRL	03/04	JPY	4705.00	-7.8	16.6	-19.1

■ Yuki Mizuho Series

Yuki Mizuho Gen Jpn III	OT	OT	IRL	03/04	JPY	4139.00	-6.4	19.5	-25.9
Yuki Mizuho Jpn Dyn Gro	OT	OT	IRL	03/04	JPY	4382.00	-6.1	19.8	-25.6
Yuki Mizuho Jpn Exc 100	OT	OT	IRL	03/04	JPY	6537.00	-6.2	28.2	-20.3
Yuki Mizuho Jpn Gen	OT	OT	IRL	03/04	JPY	8194.00	-4.9	24.3	-17.9
Yuki Mizuho Jpn Gro	OT	OT	IRL	03/04	JPY	6017.00	-5.4	18.4	-20.0
Yuki Mizuho Jpn Inc	OT	OT	IRL	03/04	JPY	7476.00	-2.1	11.3	-18.7
Yuki Mizuho Jpn Lg Cap	OT	OT	IRL	03/04	JPY	4980.00	-4.0	23.4	-19.1
Yuki Mizuho Jpn LowP	OT	OT	IRL	03/04	JPY	11365.00	-1.7	26.2	-13.8
Yuki Mizuho Jpn PGth	OT	OT	IRL	03/04	JPY	7379.00	-7.3	17.6	-23.0
Yuki Mizuho Jpn SmCp	OT	OT	IRL	03/04	JPY	6505.00	-8.9	24.2	-20.4
Yuki Mizuho Jpn Val Sel	OT	OT	IRL	03/04	JPY	5502.00	-2.6	25.0	-15.5
Yuki Mizuho Jpn YoungCo	OT	OT	IRL	03/04	JPY	2651.00	-2.8	26.1	-23.6

■ Yuki Shizuoka Japan Series

Yuki Shizuoka General Japan	JP	EQ	IRL	03/04	JPY	5179.00	-4.5	24.2	-18.9

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

BLUE CHIPS & BONDS

Major players & benchmarks

At right, a look at the Asia Titans, the biggest and best known companies in Asia. Below, some of the Dow Jones Titans indexes of biggest and most liquid stocks in individual countries and regions

Giants around the world

In U.S.-dollar terms.

Dow Jones Country Titans

	INDEX PERFORMANCE Previous session	Year-to-date	52-week
Sweden	0.26%	3.7%	70.9%
Switzerland	0.07	3.6	66.1
U.K.	-0.18	2.0	57.8
Netherlands	0.33	1.7	76.9
South Africa	0.46	0.4	41.7
Canada	0.01	0.1	52.0
Russia	0.74	-0.4%	82.4
Australia	0.35	-1.2	47.9
Japan	-0.98	-1.3	24.4
France	-0.15	-2.9	51.6
Germany	-0.22	-3.0	50.0
Singapore	-0.36	-4.9	85.0
Turkey	-1.07	-5.0	115.1
South Korea	-0.09	-5.0	55.2
Italy	0.61	-5.2	64.7
Hong Kong	-1.43	-5.2	59.1
Brazil	-0.20	-6.2	112.9
Spain	1.10	-7.9	44.1
China 88	-2.23	-10.9	33.1

Dow Jones Regional Sector Titans

Arab 50	0.22%	4.4%	33.4%
Travel Leisure	-0.55	4.3	60.5
Pers H'hold Gds	-0.07	3.7	54.7
Ind Gds Svcs	-0.05	3.5	88.4
Retail	0.44	2.3	58.9
Media	0.41	0.1	72.5
Asian 50	-0.98	-0.5%	60.1
Health Care	-0.53	-1.0	41.7
Global 50	-0.24	-3.6	54.3
Tiger 50*	-1.01	-6.1	79.0

*Asia excluding Japan

Source: Dow Jones Indexes

Dow Jones Asia Titans: Thursday's best and worst...

Company	Country	Industry	Market value, in billions of US$	Previous close, in local currency	STOCK PERFORMANCE Previous session	52-week	Three-year
National Australia Bk	Australia	Banks	$50.4	26.65	1.72%	58.9%	-33.9%
POSCO	South Korea	Iron Steel	35.9	541,000	1.69	65.7	47.4
Westfield Grp	Australia	Retail REITs	25.4	12.23	1.49	26.5	-42.0
BHP Billiton	Australia	General Mining	127.9	42.28	1.46	49.4	54.2
KB Fncl Group	South Korea	Banks	17.0	50,500	1.20	85.5	-38.6
China Constr Bk	Hong Kong	Banks	$172.4	5.96	-2.93%	48.6	37.3
JFE Hldgs	Japan	Iron Steel	19.9	3,345	-2.90	50.3	-54.7
KDDI	Japan	Mobile Telecommunications	23.4	471,000	-2.59	-3.7	-47.9
Indl Comm Bk China	Hong Kong	Banks	61.5	5.75	-2.54	80.3	31.0
China Mobile (HK)	Hong Kong	Mobile Telecommunications	186.4	72.85	-2.41	9.6	6.9

...And the rest of Asia's blue chips

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Shinhan Financial Grp South Korea (Banks)	18.0	43,500	1.05%	102.8%	-18.8%
Woolworths Australia (Food Retailers Wholesalers)	30.8	27.80	0.83	6.9	1.7
RioZim Ltd Australia (General Mining)	40.7	74.40	0.72	106.1	25.6
Nintendo Japan (Toys)	37.9	26,370	0.46	-1.6	-17.2
Woodside Petroleum Australia (Exploration Production)	28.6	44.29	0.23	29.5	23.2
Hon Hai Precision Ind Taiwan (Electrical Components Equipment)	35.6	133.50	...	103.3	-2.1
Panasonic Japan (Consumer Electronics)	28.9	1,245	-0.08	11.4	-46.9
Japan Tobacco Japan (Tobacco)	34.4	319,500	-0.16	40.0	-39.5
Westpac Bking Australia (Banks)	70.7	26.94	-0.19	70.6	4.6
Takeda Pharm Japan (Pharmaceuticals)	35.7	4,025	-0.25	4.0	-49.6
Tokyo Elec Power Japan (Conventional Electricity)	37.7	2,482	-0.28	-7.2	-40.2
Commonwith Bk of Aus Australia (Banks)	75.3	54.97	-0.31	101.1	9.4
East Japan Railway Japan (Travel Tourism)	27.1	6,100	-0.33	12.1	-34.6
Kansai Elec Power Japan (Conventional Electricity)	22.8	2,131	-0.33	-5.3	-41.9
Mitsubishi UFJ Finl Japan (Banks)	70.9	454.00	-0.44	7.8	-67.6
Hutchison Whampoa Hong Kong (Diversified Industrials)	30.6	55.85	-0.45	45.8	-23.4
Cheung Kong Hong Kong (Real Estate Holding Development)	28.5	95.70	-0.52	58.3	3.5
Mizuho Financial Grp Japan (Banks)	28.1	178.00	-0.56	-3.8	-78.0
Tokio Marine Hldgs Japan (Property Casualty Insurance)	21.9	2,472	-0.56	22.4	-41.1
Honda Motor Japan (Automobiles)	63.2	3,080	-0.65	36.3	-28.7

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
CNOOC Hong Kong (Exploration Production)	69.9	12.16	-0.65%	93.6%	89.4%
Nippon T&T Japan (Fixed Line Telecommunications)	57.5	3,870	-0.77	-0.5	-36.0
Canon Japan (Electronic Office Equipment)	52.2	3,765	-0.79	68.5	-38.9
Aus NZ Bk Australia (Banks)	53.4	23.67	-0.88	87.1	-18.4
Sumitomo Mitsui Finl Japan (Banks)	43.3	2,859	-1.00	-3.3	-74.2
Sony Japan (Consumer Electronics)	34.7	3,100	-1.12	73.9	-48.3
Nissan Motor Japan (Automobiles)	31.7	694.00	-1.14	110.3	-48.3
NTT DoCoMo Japan (Mobile Telecommunications)	64.5	137,500	-1.15	-6.8	-34.8
Sun Hung Kai Prop Hong Kong (Real Estate Holding Development)	36.1	109.30	-1.18	85.1	25.5
Shin-Etsu Chml Japan (Specialty Chemicals)	22.7	4,755	-1.25	10.8	-32.5
Samsung Elec South Korea (Semiconductors)	98.1	761,000	-1.30	51.3	32.6
Toyota Motor Japan (Automobiles)	119.4	3,375	-1.32	13.1	-57.0
Taiwan Smcndtr Mfg Taiwan (Semiconductors)	47.9	59.20	-1.33	27.7	-8.8
QBE Ins Grp Australia (Reinsurance)	18.6	20.10	-1.37	17.8	-34.9
Nippon Steel Japan (Iron Steel)	23.9	338.00	-1.46	30.5	-62.1
Seven I Hldgs Japan (Broadline Retailers)	19.7	1,941	-1.57	-5.3	-46.5
China Life Ins Hong Kong (Life Insurance)	33.1	34.55	-1.57	58.5	61.5
Mitsubishi Japan (Industrial Suppliers)	41.6	2,257	-1.66	94.2	-16.7
PetroChina Hong Kong (Integrated Oil Gas)	23.8	8.77	-1.79	66.7	-1.5
Mitsui Japan (Industrial Suppliers)	29.1	1,432	-1.92	64.4	-33.6

Sources: Dow Jones Indexes; WSJ Market Data Group

Tracking credit markets & dealmakers

— NOTICE TO READERS —
All statistics published in The Wall Street Journal Asia from markets outside the Asian-Pacific region reflect preliminary data.

WSJ.com

Follow the markets throughout the day with updated stock quotes, news and commentary at **WSJ.com/Asia**.
Also, receive email alerts that summarize the day's trading in Europe and Asia. To sign up, go to **WSJ.com/OnlineToday**

Hedge funds

Dow Jones Hedge Benchmark	TOTAL RETURN for rolling periods, net of fees* One week	One month	One quarter	Year to date	One year
Merger Arbitrage	1.08%	1.25%	0.7%	-0.3%	7.2%
Event Driven	0.82	1.35	1.6	0.6	14.2
Equity Long/Short	1.42	1.14	2.5	1.5	5.4

*Estimates as of 03/02/10, after fees; Source: www.djhedgefundindexes.com

Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

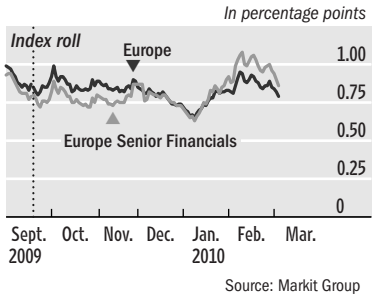
Markit iTraxx Indexes

Index: series/version	Mid-spread, in pct. pts.	Mid-price	Coupon	SPREAD RANGE, in pct. pts. since most recent roll Maximum	Minimum	Average
Europe: 12/1	0.79	100.93%	0.01%	1.00	0.65	0.83
Eur. High Volatility: 12/1	1.20	99.11	0.01	1.76	0.92	1.30
Europe Crossover: 12/1	4.36	102.54	0.05	6.15	3.79	4.92
Asia ex-Japan IG: 12/1	1.09	99.58	0.01	1.34	0.87	1.08
Japan: 12/1	1.35	98.39	0.01	1.68	0.99	1.36

Note: Data as of March 3

Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.



Source: Markit Group

Credit-default swaps: Asian companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

Showing the biggest improvement...

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Kajima	349	-17	-24	-28
Nishimatsu Constr	567	-8	-25	1
Taisei	339	-8	-21	-22
Nippon Yusen Kabushiki Kaisha	83	-8	-16	-22
Kawasaki Heavy Inds	154	-7	-14	2
Orix	292	-6	-25	-7
Acom	300	-6	-46	17
Sumitomo Mitsui Bkg	78	-6	-10	-9
MISC BHD	92	-6	-7	-8
Kawasaki Kisen Kaisha	210	-5	-27	-25

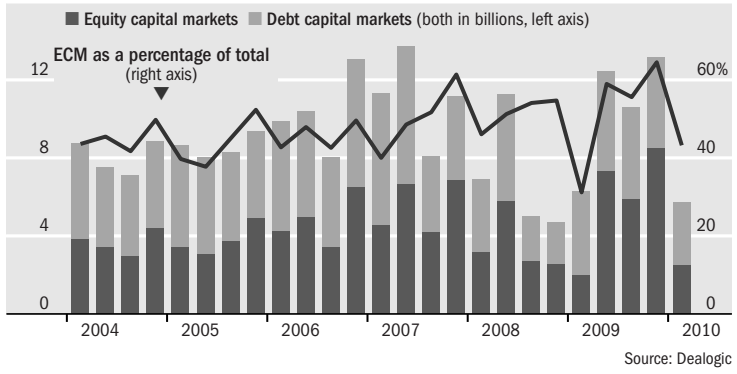
And the most deterioration

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Nippon Sheet Glass	217	1	...	12
Nomura Secs	156	1	-4	6
Hysan Dev	57	1	-2	-17
KT&G	81	1	-8	-6
SP Powerassets	45	1	1	2
Sumitomo Metal Inds	80	2	-5	2
Asahi Breweries	55	2	-2	5
Mitsubishi Chem	134	2	4	11
Korea Dep Ins	86	3	1	-1
IHI	307	3	-7	-8

Source: Markit Group

Behind global deals: Bank revenues from equity capital markets

Behind every IPO, follow-on or convertible equity offering is one or more investment banks. At right, investment banks historical and year-to-date revenues from global equity-capital-market (ECM) deals



Source: Dealogic

GLOBAL MARKETS LINEUP

Commodities

Prices of futures contracts with the most open interest

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **NYBOT:** New York Board of Trade; **MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **LME:** London Mercantile Exchange; **NYMEX:** New York Mercantile Exchange; **ICE:** IntercontinentalExchange

	Commodity	Exchange	Last price	ONE-DAY CHANGE Net	ONE-DAY CHANGE Percentage	Contract high	Contract low
	Corn (cents/bu.)	CBOT	383.00	-3.75	-0.97%	714.00	325.00
	Soybeans (cents/bu.)	CBOT	947.50	-16.00	-1.66	1,087.50	819.75
	Wheat (cents/bu.)	CBOT	503.50	-12.25	-2.38	745.00	472.00
	Live cattle (cents/lb.)	CME	92.900	0.125	0.13%	95.175	85.050
	Cocoa ($/ton)	ICE-US	2,835	12	0.43	3,514	2,066
	Coffee (cents/lb.)	ICE-US	128.90	-3.20	-2.42	190.40	118.30
	Sugar (cents/lb.)	ICE-US	21.56	-0.49	-2.22	29.00	11.90
	Cotton (cents/lb.)	ICE-US	82.08	-0.89	-1.07	94.00	51.38
	Crude palm oil (ringgit/ton)	MDEX	2,674.00	39	1.48	3,600	1,486
	Cocoa (pounds/ton)	LIFFE	2,164	19	0.89	2,356	1,475
	Robusta coffee ($/ton)	LIFFE	1,250	-34	-2.65	1,605	1,244
	Copper (cents/lb.)	COMEX	336.75	-6.75	-1.97	355.00	140.00
	Gold ($/troy oz.)	COMEX	1128.60	-14.10	-1.23	1,229.00	785.10
	Silver (cents/troy oz.)	COMEX	1721.00	-11.90	-0.69	1,949.50	916.00
	Aluminum ($/ton)	LME	2,232.50	67.50	3.12	2,356.50	1,301.00
	Tin ($/ton)	LME	17,645.00	390.00	2.26	18,250.00	9,945.00
	Copper ($/ton)	LME	7,525.00	6.00	0.08	7,695.00	3,525.00
	Lead ($/ton)	LME	2,220.00	-5.00	-0.22	2,615.00	1,166.00
	Zinc ($/ton)	LME	2,315.00	46.00	2.03	2,659.00	1,214.00
	Nickel ($/ton)	LME	22,950	320	1.41	22,950	9,475
	Crude oil ($/bbl.)	NYMEX	79.97	-0.90	-1.11	116.70	51.00
	Heating oil ($/gal.)	NYMEX	2.0773	-0.0164	-0.78	3.4750	1.3939
	RBOB gasoline ($/gal.)	NYMEX	2.2334	-0.0142	-0.63	2.2972	1.4475
	Natural gas ($/mmBtu)	NYMEX	4.579	-0.178	-3.74	10.800	4.595
	Brent crude ($/bbl.)	ICE-EU	78.91	-0.63	-0.79	109.11	57.30
	Gas oil ($/ton)	ICE-EU	644.00	-5.25	-0.81	691.50	512.75

Source: Thomson Reuters; WSJ Market Data Group

WSJ.com

Follow the markets throughout the day with updated stock quotes, news and commentary at **WSJ.com**
Also, receive email alerts that summarize the day's trading in Europe and Asia. To sign up, go to **WSJ.com/Email**

Currencies

London close on March 4

AMERICAS	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Argentina peso-a	5.2475	0.1906	3.8563	0.2593
Brazil real	2.4374	0.4103	1.7913	0.5583
Canada dollar	1.4035	0.7125	1.0315	0.9695
1-mo. forward	1.4036	0.7125	1.0315	0.9695
3-mos. forward	1.4037	0.7124	1.0316	0.9694
6-mos. forward	1.4044	0.7121	1.0321	0.9689
Chile peso	701.81	0.001425	515.75	0.001939
Colombia peso	2618.01	0.0003820	1923.95	0.0005198
Ecuador US dollar-f	1.3607	0.7349	1	1
Mexico peso-a	17.3136	0.0578	12.7236	0.0786
Peru sol	3.8683	0.2585	2.8428	0.3518
Uruguay peso-e	26.875	0.0372	19.750	0.0506
U.S. dollar	1.3607	0.7349	1	1
Venezuela bolivar	5.84	0.171117	4.29	0.232848
ASIA-PACIFIC				
Australia dollar	1.5110	0.6618	1.1104	0.9006
China yuan	9.2891	0.1077	6.8265	0.1465
Hong Kong dollar	10.5636	0.0947	7.7631	0.1288
India rupee	62.4516	0.0160	45.8950	0.0218
Indonesia rupiah	12607	0.0000793	9265	0.0001079
Japan yen	121.03	0.008263	88.94	0.011244
1-mo. forward	121.01	0.008264	88.93	0.011245
3-mos. forward	120.97	0.008266	88.90	0.011248
6-mos. forward	120.89	0.008272	88.84	0.011256
Malaysia ringgit-c	4.5871	0.2180	3.3710	0.2966
New Zealand dollar	1.9807	0.5049	1.4556	0.6870
Pakistan rupee	115.460	0.0087	84.850	0.0118
Philippines peso	62.629	0.0160	46.025	0.0217
Singapore dollar	1.9052	0.5249	1.4001	0.7142
South Korea won	1559.42	0.0006413	1146.00	0.0008726
Taiwan dollar	43.544	0.02297	32.000	0.03125
Thailand baht	44.408	0.02252	32.635	0.03064

EUROPE	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Euro zone euro	1	1	0.7349	1.3608
1-mo. forward	1.0000	1.0000	0.7349	1.3607
3-mos. forward	1.0001	0.9999	0.7350	1.3606
6-mos. forward	1.0005	0.9995	0.7352	1.3601
Czech Rep. koruna-b	25.788	0.0388	18.952	0.0528
Denmark krone	7.4421	0.1344	5.4691	0.1828
Hungary forint	266.79	0.003748	196.06	0.005100
Norway krone	8.0597	0.1241	5.9230	0.1688
Poland zloty	3.8938	0.2568	2.8615	0.3495
Russia ruble-d	40.600	0.02463	29.836	0.03352
Sweden krona	9.7245	0.1028	7.1465	0.1399
Switzerland franc	1.4632	0.6834	1.0753	0.9300
1-mo. forward	1.4629	0.6836	1.0751	0.9302
3-mos. forward	1.4623	0.6838	1.0746	0.9305
6-mos. forward	1.4613	0.6843	1.0739	0.9312
Turkey lira	2.1037	0.4753	1.5460	0.6468
U.K. pound	0.9039	1.1064	0.6642	1.5055
1-mo. forward	0.9041	1.1061	0.6644	1.5052
3-mos. forward	0.9044	1.1057	0.6647	1.5045
6-mos. forward	0.9050	1.1050	0.6651	1.5036
MIDDLE EAST/AFRICA				
Bahrain dinar	0.5130	1.9494	0.3770	2.6526
Egypt pound-a	7.4637	0.1340	5.4850	0.1823
Israel shekel	5.1392	0.1946	3.7768	0.2648
Jordan dinar	0.9638	1.0376	0.7083	1.4119
Kuwait dinar	0.3923	2.5490	0.2883	3.4685
Lebanon pound	2043.17	0.0004894	1501.50	0.0006660
Saudi Arabia riyal	5.1030	0.1960	3.7502	0.2667
South Africa rand	10.1784	0.0982	7.4800	0.1337
United Arab dirham	4.9980	0.2001	3.6730	0.2723
SDR -f	0.8853	1.1296	0.6506	1.5371

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund ; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

Price-to-earnings ratio*	Region/Country	Index	PREVIOUS SESSION Close	Net change	Percentage change	PERFORMANCE Yr.-to-date	52-wk.
28	**ASIA-PACIFIC**	DJ Asia-Pacific	122.49	-1.10	-0.89%	-0.5%	60.4%
...	Australia	SPX/ASX 200	4750.50	14.83	0.31%	-2.5	49.0
...	China	CBN 600	27030.99	-762.33	-2.74	-7.0	42.9
17	Hong Kong	Hang Seng	20575.78	-301.01	-1.44	-5.9	68.5
19	India	Sensex	16971.70	-28.31	-0.17	-2.8	107.0
...	Indonesia	Jakarta Composite	2565.645	-1.444	-0.06	1.2	99.2
...	Japan	Nikkei Stock Average	10145.72	-107.42	-1.05	-3.8	36.5
...		Topix	897.64	-8.01	-0.88	-1.1	21.0
...	Malaysia	Kuala Lumpur Composite	1284.09	-2.01	-0.16	0.9	47.7
...	New Zealand	NZSX-50	3213.557	15.034	0.47	-0.5	29.0
8	Pakistan	KSE 100	9511.53	92.10	0.98	1.3	64.3
14	Philippines	Manila Composite	3034.13	-35.16	-1.15	-0.6	57.7
...	Singapore	Straits Times	2768.70	-14.09	-0.51	-4.4	82.3
11	South Korea	Kospi	1618.20	-4.24	-0.26	-3.8	52.9
20	Taiwan	Weighted	7569.80	-59.72	-0.78	-7.6	63.2
10	Thailand	SET	730.82	-4.22	-0.57	-0.5	75.2
57	**EUROPE**	Stoxx Europe 600	252.93	0.33	0.13	-0.1	56.4
23		Stoxx Europe 50	2531.83	-0.83	-0.03	-1.8	53.6
70	**Euro Zone**	Euro Stoxx	266.04	0.04	0.02%	-3.2%	53.4%
21		Euro Stoxx 50	2816.66	-5.93	-0.21%	-5.0	51.8
21	Denmark	OMX Copenhagen	342.47	-2.93	-0.85	8.5	71.4
20	Finland	OMX Helsinki	6895.91	-0.91	-0.01	6.8	63.5
16	France	CAC-40	3828.41	-14.11	-0.37	-2.7	49.0
17	Germany	DAX	5795.32	-22.56	-0.39	-2.7	56.8
14	Italy	FTSE MIB	21844.56	99.50	0.46	-6.0	61.5
...	Netherlands	AEX	332.45	0.59	0.18	-0.9	65.7
...	Russia	RTSI	1470.41	10.21	0.70	3.0	163.0
10	Spain	IBEX 35	10745.3	80.8	0.76	-10.0	52.9
16	Switzerland	SMI	6804.87	-8.29	-0.12	4.0	55.0
...	Turkey	ISE National 100	51440.71	-258.35	-0.50	-2.6	123.3
14	U.K.	FTSE 100	5527.16	-6.05	-0.11	2.1	56.6
18	**AMERICAS**	DJ Americas	299.54	0.74	0.25	1.0	71.1
...	Brazil	Bovespa	67184.52	-456.82	-0.68	-2.0	80.6
...	Argentina	Merval	2290.02	-1.30	-0.06	-1.3	138.4
19	Mexico	IPC	32167.31	-186.23	-0.58	0.1	86.4

*P/E ratios use trailing 12-months, as-reported earnings
European and Americas index data are as of 12:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

Thomson Reuters is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

Dow Jones Indexes

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	Year-to-date	52-wk.	Three-yr., annualized
2.19%	19	**Global TSM**	2302.39	-1.81	-0.08%	-0.7%	71.4%	-6.4%
1.92	19	**Global DOW**	1937.07	-1.65	-0.09	-2.4	66.3	-3.1
2.43	15	**Global Titans 50**	167.43	-0.41	-0.24	-3.6	54.3	-8.9
2.18	25	**Asia/Pacific TSM**	1211.30	-10.63	-0.87	-0.4	66.0	-5.3
2.42	15	**Asia/Pacific ex-Japan TSM**	2983.32	-13.29	-0.44	-3.0	100.1	1.4
2.78	14	**Europe TSM**	2547.98	-2.45	-0.10	-4.8	71.8	-10.1
1.86	14	**Emerging Markets TSM**	4004.45	-8.17	-0.20	-1.3	106.2	3.1
2.45	33	**Asian Titans 50**	133.66	-1.32	-0.98	-0.5	60.1	-7.1
6.37	6	**BRIC 50**	570.51	-5.35	-0.93	-4.6	102.7	7.8
0.86	27	**CBN China 600** -c	27030.99	-762.34	-2.74	-7.0	42.9	11.0
2.35	18	**China Offshore 50**	3827.22	-75.70	-1.94	-6.1	65.1	7.9
0.89	30	**Shanghai** -c	364.28	-10.39	-2.77	-6.0	43.7	11.2

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	Year-to-date	52-wk.	Three-yr., annualized
0.56%	46	**Shenzhen** -c	401.34	-12.73	-3.07%	-3.6%	60.8%	17.3%
1.84	22	**U.S. TSM**	11558.60	38.30	0.33	1.5	68.4	-6.2
4.83	14	**Global Select Div** -d	193.31	-0.59	-0.30	-4.3	104.1	-9.8
5.34	14	**Asia/Pacific Select Div** -d	264.40	-1.14	-0.43	-1.6	121.3	-9.6
3.70	14	**Hong Kong Select Div** -d	187.66	-0.92	-0.49	0.1	62.0	1.1
4.23	15	**U.S. Select Dividend** -d	320.82	0.87	0.27	1.6	71.0	-13.3
1.80	15	**Islamic Market**	1958.77	-1.81	-0.09	-0.8	62.0	-1.5
2.00	15	**Islamic Market 100**	2076.39	-3.57	-0.17	-2.1	48.3	-2.1
2.60	17	**Islamic China/HK Titans 30**	1460.89	-14.29	-0.97	-1.7	62.6	2.9
1.55	12	**Sustainability Korea**	1170.48	-0.49	-0.04	-2.9	113.1	0.2
3.40	17	**Brookfield Infrastructure**	2006.87	-1.59	-0.08	-1.0	59.0	-3.5
		DJ-UBS Commodity -p	135.85	1.47	1.09	-2.4	27.2	-6.8

*Fundamentals are based on data in U.S. dollar. Footnotes: c-in local currency. d-dividends reinvested. p-previous day. Note: All data as of 11:30 a.m. ET.

Source: Dow Jones Indexes

Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

	US$	A$	£	C$	YUAN	EURO	HK$	RUPEE	RUPIAH	YEN	NZ$	WON	RINGGIT	PH. PESO	S$	S FRANC	TW$	BAHT
U.S.		1.110	0.664	1.031	6.826	0.735	7.763	45.895	9265.26	88.940	1.456	1146.00	3.371	46.025	1.400	1.075	32.000	32.635
Australia	0.901		0.598	0.929	6.148	0.662	6.991	41.331	8343.83	80.095	1.311	1032.03	3.036	41.448	1.261	0.968	28.818	29.389
Britain	1.506	1.672		1.553	10.277	1.106	11.687	69.095	13948.86	133.899	2.191	1725.30	5.075	69.291	2.108	1.619	48.176	49.132
Canada	0.970	1.077	0.644		6.618	0.712	7.526	44.496	8982.76	86.228	1.411	1111.06	3.268	44.622	1.357	1.043	31.024	31.640
China	0.1465	0.163	0.097	0.151		0.108	1.137	6.723	1357.26	13.029	0.213	167.88	0.494	6.742	0.205	0.158	4.688	4.781
Euro	1.361	1.511	0.904	1.404	9.289		10.564	62.452	12607.71	121.025	1.981	1559.42	4.587	62.629	1.905	1.463	43.544	44.408
Hong Kong	0.129	0.143	0.086	0.133	0.879	0.095		5.912	1193.50	11.457	0.188	147.62	0.434	5.929	0.180	0.139	4.122	4.204
India	0.0218	0.0242	0.0145	0.0225	0.1487	0.0160	0.1691		201.88	1.9379	0.0317	24.97	0.0735	1.0028	0.0305	0.0234	0.6972	0.7111
Indonesia	0.0001	0.0001	0.0001	0.0001	0.0007	0.0001	0.0008	0.0050		0.0096	0.0002	0.12	0.0004	0.0050	0.0002	0.0001	0.0035	0.0035
Japan	0.011	0.012	0.007	0.012	0.077	0.008	0.087	0.516	104.17		0.016	12.89	0.038	0.517	0.016	0.012	0.360	0.367
New Zealand	0.687	0.763	0.456	0.709	4.690	0.505	5.333	31.530	6365.24	61.102		787.30	2.316	31.619	0.962	0.739	21.984	22.420
South Korea	0.0009	0.0010	0.0006	0.0009	0.0060	0.0006	0.0068	0.0400	8.08	0.0776	0.0013		0.0029	0.0402	0.0012	0.0009	0.0279	0.0285
Malaysia	0.297	0.329	0.197	0.306	2.025	0.218	2.303	13.615	2748.52	26.384	0.432	339.96		13.653	0.415	0.319	9.493	9.681
Philippines	0.022	0.024	0.014	0.022	0.148	0.016	0.169	0.997	201.31	1.932	0.032	24.90	0.073		0.030	0.023	0.695	0.709
Singapore	0.714	0.793	0.474	0.737	4.876	0.525	5.545	32.780	6617.57	63.524	1.040	818.51	2.408	32.873		0.768	22.856	23.309
Switzerland	0.930	1.033	0.618	0.959	6.348	0.683	7.219	42.681	8616.45	82.712	1.354	1065.75	3.135	42.802	1.302		29.759	30.350
Taiwan	0.031	0.035	0.021	0.032	0.213	0.023	0.243	1.434	289.54	2.779	0.045	35.81	0.105	1.438	0.044	0.034		1.020
Thailand	0.031	0.034	0.020	0.032	0.209	0.023	0.238	1.406	283.91	2.725	0.045	35.12	0.103	1.410	0.043	0.033	0.981	

Source: Thomson Reuters via WSJ Market Data Group

MSCI indexes

Developed and emerging-market regional and country indexes from MSCI Barra as of March. 04, 2010

Dividend yield	Price-to-earnings ratio	Morgan Stanley Index	Last	LOCAL-CURRENCY PERFORMANCE Daily	YTD	52-wk.
2.40%	23	**ALL COUNTRY (AC) WORLD***	296.05	-0.69%	-1.1%	58.2%
2.50	24	**World (Developed Markets)**	1,157.37	-0.69	-0.9	54.1
1.80	83	**World Small Cap**	195.32	-0.63	2.7	76.2
2.50	21	**Kokusai (World ex-Japan)**	1,141.53	-0.67	-1.6	56.8
3.00	23	**EAFE**	1,537.86	-1.40	-2.7	54.1
2.20	20	**Emerging Markets (EM)**	966.43	-0.70	-2.3	93.6
2.50	23	**AC ASIA PACIFIC EX-JAPAN**	405.25	-0.63	-2.7	89.2
2.20	22	**AC Far East ex-Japan**	433.74	-0.31	-3.6	80.3
1.70	145	**Japan**	566.26	0.34	-0.4	21.3
2.00	19	**China**	62.31	0.08	-3.9	72.0
0.90	37	**China A (China Domestic)**	3,201.34	0.81	-5.3	57.0
2.60	23	**Hong Kong**	10,004.40	-0.52	-1.7	59.5
0.90	20	**India**	695.80	1.64	-1.6	104.7
1.30	16	**Korea**	459.67	0.44	-4.4	57.7
2.30	20	**Malaysia**	471.54	-0.15	0.4	42.3
3.10	17	**Singapore**	1,547.88	0.19	-4.7	72.7
2.70	234	**Taiwan**	274.25	0.31	-7.3	58.9
3.30	18	**Thailand**	303.19	0.51	0.5	72.3
3.60	25	**Australia**	980.63	0.66	-2.0	42.1
5.00	16	**New Zealand**	83.67	0.87	-4.1	14.5
1.90	28	**US BROAD MARKET**	1,249.69	-0.04	1.0	55.6
3.40	16	**EUROPE**	87.73	0.79	-0.6	45.2

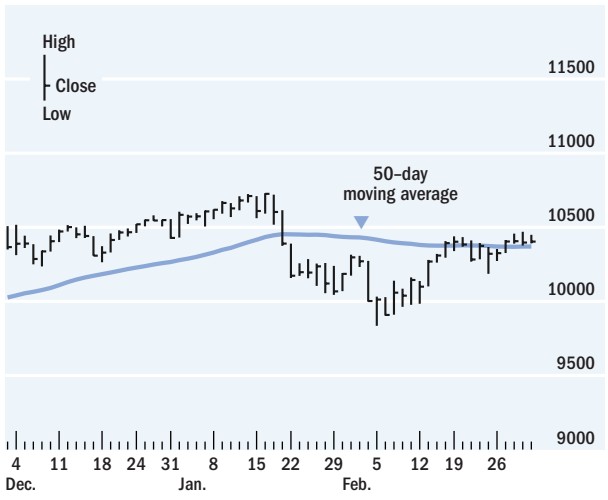
*Twenty-three developed and 26 emerging markets

Source: MSCI Barra

SCANNING THE GLOBE

Dow Jones Industrial Average P/E: 16

LAST: **10403.33** ▲ 6.57, or 0.06%
YEAR TO DATE: ▼ **24.72, or 0.2%**
OVER 52 WEEKS ▲ **3,808.89, or 57.8%**



Nasdaq Composite Index P/E: 19*

LAST: **2278.47** ▼ 2.21, or 0.10%
YEAR TO DATE: ▲ **9.32, or 0.4%**
OVER 52 WEEKS ▲ **978.88, or 75.3%**

S&P 500 Index P/E: 22

LAST: **1118.55** ▼ 0.24, or 0.02%
YEAR TO DATE: ▲ **3.45, or 0.3%**
OVER 52 WEEKS ▲ **436.00, or 63.9%**

*Price-to-earnings ratio for the Nasdaq 100 Note: Price-to-earnings ratios are for trailing 12 months

Sources: WSJ Market Data Group; Birinyi Associates

DJIA component stocks

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
AT&T	T	**11.40**	$24.93	0.04	**0.16%**
Alcoa	AA	**18.30**	13.37	0.03	**0.22**
AmExpress	AXP	**3.90**	38.87	0.59	**1.54**
BankAm	BAC	**88.70**	16.43	0.06	**0.37**
Boeing	BA	**3.30**	65.49	1.04	**1.61**
Caterpillar	CAT	**3.50**	58.08	-0.49	**-0.84**
Chevron	CVX	**4.50**	72.84	-0.29	**-0.40**
CiscoSys	CSCO	**18.50**	24.85	0.01	**0.04**
CocaCola	KO	**7.20**	54.54	0.61	**1.13**
Disney	DIS	**15.10**	32.39	0.74	**2.35**
DuPont	DD	**2.70**	34.31	0.05	**0.15**
ExxonMobil	XOM	**9.40**	65.18	-0.25	**-0.38**
GenElec	GE	**22.30**	16.09	0.06	**0.37**
HewlettPk	HPQ	**3.90**	51.33	0.23	**0.45**
HomeDpt	HD	**5.60**	31.38	-0.09	**-0.29**
Intel	INTC	**27.80**	20.28	-0.24	**-1.17**
IBM	IBM	**2.60**	126.26	-0.62	**-0.49**
JPMorgChas	JPM	**14.80**	42.02	0.49	**1.18**
JohnsJohns	JNJ	**3.10**	63.45	0.05	**0.08**
KftFoods	KFT	**5.70**	29.08	0.11	**0.38**
McDonalds	MCD	**2.20**	63.50	-0.13	**-0.20**
Merck	MRK	**4.80**	36.98	-0.23	**-0.62**
Microsoft	MSFT	**19.50**	28.43	-0.03	**-0.11**
Pfizer	PFE	**24.10**	17.24	-0.08	**-0.46**
ProctGamb	PG	**3.30**	63.50	-0.05	**-0.08**
3M	MMM	**1.10**	80.80	-0.20	**-0.25**
TravelersCos	TRV	**1.40**	53.21	0.09	**0.17**
UnitedTech	UTX	**3.20**	70.21	0.61	**0.88**
Verizon	VZ	**4.00**	29.17	0.04	**0.14**
WalMart	WMT	**5.30**	53.93	0.27	**0.50**

U.S. stocks: most active...

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
Citigroup	C	**145.7**	$3.44	$0.04	**1.18%**
SiriusXM	SIRI	**90.7**	0.96	0.01	**0.71**
BankAm	BAC	**85.7**	16.41	0.04	**0.24**
SPDR S&P 500	SPY	**64.8**	112.30	0.00	**0.00**
FordMotor	F	**47.3**	12.58	-0.11	**-0.87**
iShrMSCIEmrgMkt	EEM	**34.5**	39.81	-0.32	**-0.79**
TiVo	TIVO	**33.3**	15.07	4.86	**47.60**
SPDR FnclSelSct	XLF	**31.2**	14.88	0.10	**0.68**
PwrShrs QQQ	QQQQ	**27.9**	45.56	-0.04	**-0.09**
Intel	INTC	**25.6**	20.26	-0.26	**-1.26**
CellThrp	CTIC	**21.6**	0.78	0.09	**12.33**
Pfizer	PFE	**21.6**	17.28	-0.04	**-0.23**
DrxFinancBear 3x	FAZ	**21.2**	17.03	-0.27	**-1.57**
GenElec	GE	**19.9**	16.07	0.04	**0.25**
BosSci	BSX	**18.9**	7.96	0.06	**0.76**

Biggest gainers...

TiVo	TIVO	**33,263.7**	$15.07	$4.86	**47.60%**
ChnArmcoMtls	CNAM	**2,507.1**	6.66	1.36	**25.66**
AldIrhBk ADS	AIB	**8,691.3**	3.44	0.52	**17.75**
DivX	DIVX	**820.1**	7.04	1.03	**17.14**
CldwtrCrk	CWTR	**1,978.5**	6.30	0.89	**16.45**

...Biggest losers

NewCentBncp NC	NCBC	**4.7**	$4.33	-$0.87	**-16.73%**
Innodata	INOD	**248.9**	4.65	-0.82	**-14.99**
SprdtrmComm	SPRD	**708.3**	6.06	-0.69	**-10.22**
NewConceptEngy	GBR	**3.1**	4.56	-0.52	**-10.15**
MethodEl	MEI	**198.9**	11.89	-1.12	**-8.61**

ADRs of Asian companies*

52-WEEK High	52-WEEK Low	Stock	Symbol	Volume, in OOOs	Latest	CHANGE Points	CHANGE Percentage
$11.69	$7.12	**Taiwan Semi**	TSM	**8,622.4**	$9.81	-0.05	**-0.51%**
82.74	34.04	**BHP Billiton**	BHP	**2,533.6**	75.98	-0.42	**-0.55**
4.24	1.69	**Utd Microelectronics**	UMC	**1,887.5**	3.50	-0.07	**-1.96**
91.97	56.79	**Toyota Motor**	TM	**1,520.1**	74.99	-1.95	**-2.53**
59.60	22.61	**Infosys Tech**	INFY	**820.3**	57.95	-1.09	**-1.85**
13.30	6.69	**AU Optrncs**	AUO	**799.2**	10.43	-0.22	**-2.07**
17.19	10.60	**Matsushita Elec**	PC	**789.0**	13.95	-0.13	**-0.92**
15.95	8.98	**China Unicom**	CHU	**763.8**	12.45	0.06	**0.48**
8.19	4.27	**Siliconware Prec Ind**	SPIL	**693.2**	5.97	0.06	**1.02**
6.84	3.71	**Mitsu UFJ Fnl**	MTU	**678.9**	5.13	-0.04	**-0.77**
59.22	40.20	**China Mobile**	CHL	**641.4**	47.14	-0.64	**-1.34**
18.20	7.12	**Korea Elec Pwr**	KEP	**563.2**	15.89	-0.29	**-1.79**
5.23	1.60	**Adv Semi Engrg**	ASX	**361.2**	4.09	0.02	**0.49**
21.78	11.43	**KT Corp**	KT	**292.0**	19.01	-0.38	**-1.96**
34.27	11.42	**Aluminum Cp of China**	ACH	**279.6**	24.81	-0.84	**-3.27**
21.22	16.33	**ChunghwaTel**	CHT	**236.2**	18.80	-0.14	**-0.74**
18.64	12.59	**SK Telecom**	SKM	**216.8**	16.64	-0.10	**-0.63**
9.50	4.00	**Nomura Hldgs**	NMR	**204.4**	7.16	-0.12	**-1.65**
135.92	64.06	**PetroChina**	PTR	**202.8**	112.80	-2.74	**-2.37**
81.00	39.30	**China Life Ins**	LFC	**197.4**	67.15	-0.89	**-1.31**
25.65	5.13	**Yanzhou Coal Mining**	YZC	**187.3**	21.36	-0.61	**-2.77**
24.09	17.71	**NTT**	NTT	**173.6**	21.88	-0.23	**-1.04**
35.71	16.76	**Sony**	SNE	**166.7**	35.13	-0.37	**-1.04**
41.87	20.17	**Telekom Indonesia**	TLK	**152.2**	35.39	-0.08	**-0.23**
94.00	46.45	**China Petro & Chem**	SNP	**150.3**	78.52	-1.71	**-2.13**
150.50	48.19	**POSCO**	PKX	**124.3**	117.36	0.16	**0.14**
37.23	20.72	**Honda Motor**	HMC	**102.9**	34.70	-0.23	**-0.66**
61.06	38.32	**Philp Lng Dst Tel**	PHI	**65.3**	57.01	-0.95	**-1.64**
7.74	2.00	**Alumina**	AWC	**60.8**	5.82	-0.09	**-1.52**
5.38	1.55	**SemiMfgInt**	SMI	**56.1**	4.92	-0.06	**-1.20**

*Most active American depositary receipts tracked by Dow Jones

Source: WSJ Market Data Group

Global government bonds

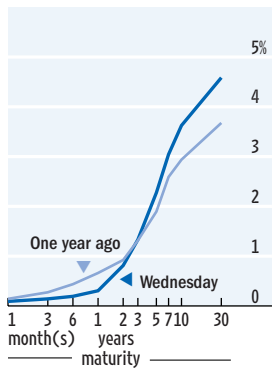
Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 11 a.m. ET

Coupon	Country/ Maturity, in years	Yield	SPREAD OVER TREASURYS, in basis points Latest	Previous	Month ago	Year ago	YIELD Previous	Month ago	Year ago
5.750%	**Australia** 2	**4.595%**	**375.6**	379.7	333.1	**197.1**	**4.613%**	4.196%	**2.943%**
4.500	10	**5.465**	**186.1**	185.8	178.0	**153.8**	**5.500**	5.436	**4.549**
5.000	**Austria** 2	**1.273**	**43.4**	51.0	73.4	**25.1**	**1.326**	1.599	**1.223**
3.900	10	**3.559**	**-4.5**	-5.5	1.3	**125.9**	**3.587**	3.669	**4.270**
2.000	**Belgium** 2	**1.088**	**24.9**	27.8	57.1	**22.8**	**1.094**	1.436	**1.200**
3.750	10	**3.660**	**5.6**	0.6	8.8	**117.4**	**3.648**	3.744	**4.185**
1.500	**Canada** 2	**1.479**	**64.0**	64.8	32.4	**-0.6**	**1.464**	1.189	**0.966**
3.750	10	**3.425**	**-17.9**	-18.9	-27.3	**0.8**	**3.453**	3.383	**3.019**
4.000	**Denmark** 2	**1.676**	**83.7**	86.6	106.2	**108.0**	**1.682**	1.927	**2.052**
4.000	10	**3.410**	**-19.4**	-20.9	-13.0	**52.8**	**3.433**	3.526	**3.539**
3.750	**France** 2	**0.932**	**9.3**	9.8	36.3	**44.5**	**0.914**	1.228	**1.417**
3.500	10	**3.425**	**-17.9**	-20.8	-19.5	**76.1**	**3.434**	3.461	**3.772**
1.250	**Germany** 2	**0.878**	**3.9**	7.4	25.9	**20.0**	**0.890**	1.124	**1.172**
3.250	10	**3.124**	**-48.0**	-50.5	-46.9	**11.2**	**3.137**	3.187	**3.123**
0.640	**Hong Kong** 2	**0.747**	**-9.2**	-6.9	-25.6	**-13.6**	**0.747**	0.609	**0.836**
2.160	10	**2.868**	**-73.6**	-76.9	-74.3	**-95.8**	**2.873**	2.913	**2.053**
5.000	**Italy** 2	**1.316**	**47.7**	58.2	99.4	**106.2**	**1.398**	1.859	**2.034**
4.250	10	**3.955**	**35.1**	31.6	39.1	**161.9**	**3.958**	4.047	**4.630**
0.200	**Japan** 2	**0.157**	**-68.2**	-65.4	-70.0	**-57.7**	**0.162**	0.165	**0.395**
1.400	10	**1.337**	**-226.7**	-230.4	-231.9	**-171.2**	**1.338**	1.337	**1.299**
2.500	**Netherlands** 2	**0.892**	**5.3**	8.4	35.2	**60.6**	**0.900**	1.217	**1.578**
3.500	10	**3.387**	**-21.7**	-23.0	-25.5	**90.8**	**3.412**	3.401	**3.919**
5.000	**Portugal** 2	**1.961**	**112.2**	108.8	139.3	**135.8**	**1.904**	2.258	**2.330**
4.800	10	**4.309**	**70.5**	63.3	75.1	**183.2**	**4.275**	4.407	**4.843**
5.350	**Spain** 2	**1.200**	**36.1**	40.7	93.4	**96.6**	**1.223**	1.799	**1.938**
4.000	10	**3.882**	**27.8**	23.8	38.8	**122.9**	**3.880**	4.044	**4.240**
2.750	**Switzerland** 2	**0.382**	**-45.7**	-45.2	-32.7	**...**	**0.364**	0.538	**...**
2.250	10	**1.868**	**-173.6**	-175.3	-164.5	**...**	**1.889**	2.011	**...**
3.250	**U.K.** 2	**1.051**	**21.2**	25.5	36.5	**28.0**	**1.071**	1.230	**1.252**
3.750	10	**4.012**	**40.8**	37.7	23.8	**62.3**	**4.019**	3.894	**3.634**
0.875	**U.S.** 2	**0.839**	**...**	...	...	**...**	**0.816**	0.865	**0.972**
3.625	10	**3.604**	**...**	...	...	**...**	**3.642**	3.656	**3.011**

Source: Thomson Reuters

U.S. Treasury yield curve

The curve shows the yield to maturity of current bills, notes and bonds; all data as of 3 p.m. ET.



Ryan Index	Yield to maturity	Modified duration	TOTAL RETURN Month to-date	Quarter to-date	Year to-date	12-month
30-year Treasury	**4.586%**	16.14	-0.84%	1.52%	1.52%	-10.26%
10-year Treasury	**3.625**	8.28	-0.22	2.44	2.44	-2.06
7 Year Treasury	**3.045**	6.26	-0.02	2.96	2.96	2.25
Five-year Treasury	**2.275**	4.68	0.07	2.45	2.45	2.28
Ryan Index	**2.612**	6.70	-0.17	2.00	2.00	-0.31
3 Year Treasury	**1.332**	2.89	-0.02	1.54	1.54	3.17
Two-year Treasury	**0.812**	1.97	-0.01	0.98	0.98	2.27
1 Year Treasury	**0.305**	0.94	-0.01	0.24	0.24	1.32
Six-month Treasury	**0.193**	0.50	....	0.05	0.05	0.59
Ryan Cash Index-a	**0.183**	0.44	....	0.08	0.08	0.59
Three-month bill	**0.142**	0.25	-0.01	0.01	0.01	0.32
One-month bill	**0.091**	0.08	....	....	...	0.12

a-Performance of a cash investment

Source: Ryan ALM

Key money rates

	Latest	52 wks ago
Prime rates		
U.S.	**3.25%**	3.25%
Canada	**2.25**	2.50
Japan	**1.475**	1.475
Britain	**0.50**	0.50
ECB	**1.00**	2.00
Switzerland	**0.53**	0.52
Australia	**4.00**	3.25
Hong Kong	**5.25**	n.a.
Libor		
One month	**0.22813%**	0.53313%
Three month	**0.25219**	1.28375
Six month	**0.38319**	1.83250
One year	**0.83406**	2.13625

	Latest	52 wks ago
Euro Libor		
One month	**0.38063%**	1.44250%
Three month	**0.59813**	1.75438
Six month	**0.90938**	1.87063
One year	**1.19875**	1.98688
Hibor		
One month	**0.08000**	0.29500%
Three month	**0.13000**	0.89786
Six month	**0.23000**	1.25000
One year	**0.50000**	1.69143
Asian dollars		
One month	**0.2376%**	0.49%
Three month	**0.2566**	1.2500
Six month	**0.3860**	1.7800
One year	**0.8390**	2.1267

	Offer	Bid
Eurodollars		
One month	**0.2700%**	0.1700%
Three month	**0.3500**	0.2000
Six month	**0.5000**	0.3000
One year	**0.9000**	0.5500

	Latest	52 wks ago
U.S. discount	**0.75%**	0.50%
Fed-funds target	**0.25**	0.25
Call money	**2.00**	2.00
Overnight repurchase rates		
U.S.	**0.24%**	0.28%
U.K. (BBA)	**0.510**	0.660
Euro zone	**0.29**	1.27

Sources: WSJ Market Data Group; Reuters

MARKETS LINEUP

Moving the markets

At right, Japan's benchmark stock index and the biggest movers among the larger Asian stocks indexes and stocks Thursday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

WSJ.com

Follow the markets throughout the day, with updated stock quotes, news and commentary at **WSJ.com.**

Also, receive emails that summarize the day's trading in Europe and Asia. To sign up, go to **WSJ.com/Email.**

Asian index movers...

Nikkei Stock Average
Japan 10145.72

▼ **1.05% or 107.42**

Investors were cautious ahead of Friday's U.S. jobs data. Mitsubishi Motors tumbled 11% after the scrapping of alliance talks with PSA Peugeot-Citroën.

Stock	Volume in millions	Change Close	Change Net	Change %
M'bishi Motors	**83.58**	118	–14	–10.61
Mizuho Financial	**81.75**	178	–1	–0.56
Kawasaki Kisen K	**56.83**	327	6	1.87
Clarion	**38.22**	161	3	1.90
Mitsui Osk Lines	**34.14**	582	–4	–0.68

CBN 600
China 27030.99

▼ **2.74% or 762.33**

Bank and property shares fell ahead of the National People's Congress meeting amid concerns about policy tightening. China Merchants Bank gave up 2.2%.

Stock	Volume in millions	Change Close	Change Net	Change %
JiangsuSunshine	**400.93**	6.94	0.08	1.17
HubeiBiocausePharm	**176.44**	11.77	0.70	6.32
China State Con	**167.53**	4.28	–0.10	–2.28
Sh Electric	**127.41**	10.51	0.17	1.64
ShenzhenFountain	**115.91**	6.10	0.26	4.45

Hang Seng
Hong Kong 20575.78

▼ **1.44% or 301.01**

China Mobile dropped 2.4%, its third straight fall, on its plan to buy a stake in Shanghai Pudong Development Bank. Chinese banks fell. China Construction Bank lost 2.9%.

Stock	Volume in millions	Change Close	Change Net	Change %
CCB	**450.21**	5.96	–0.18	–2.93
Bank Of China	**389.86**	3.89	–0.14	–3.47
Icbc	**318.31**	5.75	–0.15	–2.54
ChinaPetroChem	**122.40**	6.09	–0.07	–1.14
Bank of Comm	**91.80**	8.27	–0.30	–3.50

Straits-Times
Singapore 2768.70

▼ **0.51% or 14.09**

Worries about China lending curbs hurt stocks. China-based or -exposed firms led declines. Cosco Corp. fell 4.1% and Wilmar International dropped 2.7%.

Stock	Volume in millions	Change Close	Change Net	Change %
Genting Spore	**188.93**	0.85	–0.03	–2.87
Golden Agri	**51.18**	0.54	0.01	0.94
Noble Grp	**18.53**	3.20	0.06	1.91
Cosco	**14.59**	1.16	–0.05	–4.13
Sing Telecom	**12.96**	3.05	–0.03	–0.97

Asian stocks in the news

Kawasaki Kisen Kaisha
Japan ¥327

▲ **1.9% or ¥6**

Some shipping companies advanced after a rise in the Baltic Dry Index.

		Daily	1 wk.	52 wks
Price-to-earnings ratio				**none**
Earnings per share, past four quarters				**-91.50**
Dividend yield				**none**
	PERCENTAGE CHANGE			
Indus Gds & Svcs		**-1.1%**	1.9%	75.9%
Kawasaki Kisen Kaisha		**1.9%**	2.5%	6.2%

Hengan Intl Grp
Hong Kong HK$54.45

▲ **2.6% or HK$1.40**

Credit Suisse began coverage of the stock at "neutral" and set a target of HK$59.80.

		Daily	1 wk.	52 wks
Price-to-earnings ratio				**38**
Earnings per share, past four quarters				**1.45**
Dividend yield				**1.7**
	PERCENTAGE CHANGE			
Personal & Hshld Gds		**-0.8%**	2.1%	53.7%
Hengan Intl Grp		**2.6%**	5.9%	96.2%

Sumco
Japan ¥1,717

▲ **2.8% or ¥46**

Macquarie raised its rating on the stock to "outperform" from "underperform."

		Daily	1 wk.	52 wks
Price-to-earnings ratio				**none**
Earnings per share, past four quarters				**-388.00**
Dividend yield				**none**
	PERCENTAGE CHANGE			
Technology		**-1.0%**	2.1%	85.1%
Sumco		**2.8%**	6.4%	33.1%

CSR
Australia A$1.68

▲ **3.1% or A$0.05**

China Daily reported a Bright Food official said the firm may offer more for CSR's sugar unit.

		Daily	1 wk.	52 wks
Price-to-earnings ratio				**none**
Earnings per share, past four quarters				**-0.45**
Dividend yield				**1.5**
	PERCENTAGE CHANGE			
Basic Resources		**...**	5.8%	108.1%
CSR		**3.1%**	2.8%	68.5%

Mitsubishi Chem
Japan ¥433

▲ **3.1% or ¥13**

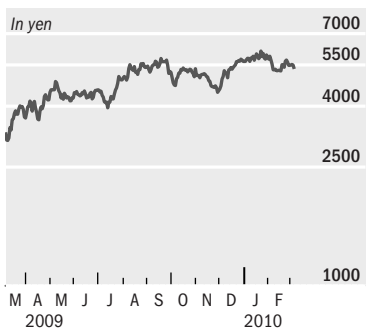
Credit Suisse upgraded it to "outperform" and raised its target price to 600 yen from 330 yen.

		Daily	1 wk.	52 wks
Price-to-earnings ratio				**333**
Earnings per share, past four quarters				**1.30**
Dividend yield				**1.8**
	PERCENTAGE CHANGE			
Chemicals		**-0.7%**	1.7%	71.8%
Mitsubishi Chem		**3.1%**	8.0%	31.2%

TDK
Japan ¥5,330

▼ **2.9% or ¥160**

Barclays Capital cut its rating on the stock to "underweight," citing worries on hard-drive demand.

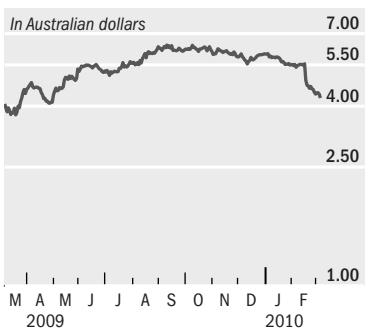


		Daily	1 wk.	52 wks
Price-to-earnings ratio				**99**
Earnings per share, past four quarters				**54.00**
Dividend yield				**1.1**
	PERCENTAGE CHANGE			
Indus Gds & Svcs		**-1.1%**	1.9%	75.9%
TDK		**-2.9%**	-2.7%	63.0%

Primary Hlth Care
Australia A$4.26

▼ **3.0% or A$0.13**

Australian plans to combine eight state-run health systems pressure health-care stocks.



		Daily	1 wk.	52 wks
Price-to-earnings ratio				**10**
Earnings per share, past four quarters				**0.42**
Dividend yield				**3.5**
	PERCENTAGE CHANGE			
Health Care		**-0.8%**	0.6%	39.0%
Primary Hlth Care		**-3.0%**	-4.5%	4.7%

China Mengniu Dairy
Hong Kong HK$23.45

▼ **3.1% or HK$0.75**

The finance chief and executive director said last week he is resigning after nearly 30 years.

		Daily	1 wk.	52 wks
Price-to-earnings ratio				**none**
Earnings per share, past four quarters				**-0.64**
Dividend yield				**none**
	PERCENTAGE CHANGE			
Food & Beverage		**-0.8%**	1.1%	62.4%
China Mengniu Dairy		**-3.1%**	1.1%	141.0%

Lend Lease Group
Australia A$8.57

▼ **4.0% or A$0.36**

The developer began trading ex-dividend.

		Daily	1 wk.	52 wks
Price-to-earnings ratio				**20**
Earnings per share, past four quarters				**0.43**
Dividend yield				**2.3**
	PERCENTAGE CHANGE			
Real Estate		**-0.8%**	2.4%	81.2%
Lend Lease Group		**-4.0%**	-8.3%	68.0%

Mitsubishi Motors
Japan ¥118

▼ **10.6% or ¥14**

The company scrapped talks with PSA Peugeot-Citroen for a capital alliance.

		Daily	1 wk.	52 wks
Price-to-earnings ratio				**none**
Earnings per share, past four quarters				**-0.90**
Dividend yield				**none**
	PERCENTAGE CHANGE			
Automobiles & Parts		**-1.5%**	2.0%	59.3%
Mitsubishi Motors		**-10.6%**	-5.6%	0.9%

HEARD ON THE STREET

Email: heard@wsj.com FINANCIAL ANALYSIS & COMMENTARY WSJ.com/Heard

Hope for eternal sunshine at Tata Motors

The sun is shining again on **Tata Motors**. Is this a clear sky or just a break in the clouds?

Tata surprised investors last week when it reported a sharp rebound in the performance of its Jaguar Land Rover unit in the quarter ended in December. The stock has jumped 21% since.

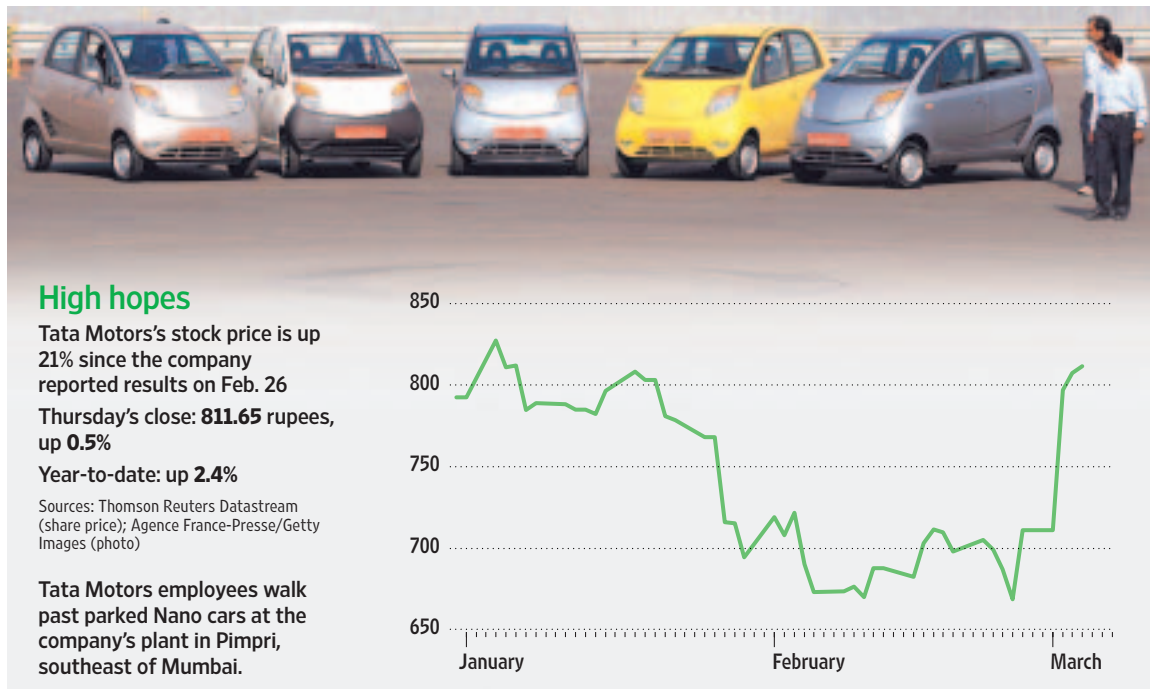
This is a relief rally. The two luxury brands became an anchor around Tata's neck as sales slumped last year and as Tata struggled to repay a $3 billion bridge loan used to fund the 2008 deal. The loan was repaid last year, in part with more borrowings, but Tata's net debt stood at a hefty $5 billion at the end of December. Tata says its repayment schedule isn't publicly disclosed, but Moody's Investors Service analyst Ivan Palacios estimates about half will be due in the coming year.

Investors have pushed Tata's stock to 19 times expected earnings, well above its trading average

A turnaround at Jaguar Land Rover will, of course, help service this. Sales volume jumped 28% in the December quarter from the previous three months. But this hinges on demand in European and U.S. markets staying healthy in the absence of car-buying incentives doled out by governments. Credit Suisse expects European light-vehicle sales volume to fall by 7% in 2010. Rebounding raw-materials prices and rising interest rates won't help, either.

Tata is enjoying a roaring Indian auto market. Sales in India rose 58% on-year in February, when Tata sold the highest-ever number of cars in a single month. But this, too, will slow as a rise in India's excise duty, announced in the budget last week, is passed along to customers, while borrowing costs rise. Moreover, Jaguar Land Rover, which won't benefit from India's mass hunger for affordable cars, accounts for 52% of total revenue at the company.

The debt may not worry those who know Tata can raise funds now in ways that weren't available last year. Stock-market valuations have returned to old highs in India, and the company is considering selling a stake in its highly profitable lease-finance business.


High hopes
Tata Motors's stock price is up 21% since the company reported results on Feb. 26
Thursday's close: 811.65 rupees, up 0.5%
Year-to-date: up 2.4%
Sources: Thomson Reuters Datastream (share price); Agence France-Presse/Getty Images (photo)
Tata Motors employees walk past parked Nano cars at the company's plant in Pimpri, southeast of Mumbai.
850
800
750
700
650
January
February
March

But in their enthusiasm for the turnaround, investors have pushed Tata's stock to 19 times expected earnings, well above its historical trading average and the 15.1 times at which Indian rivals Maruti Suzuki, Mahindra & Mahindra and Bajaj Auto trade at, according to data from Starmine.

Unveiling the results last Friday, Tata Motors' new Chief Executive Carl-Peter Forster said "it might be too early to celebrate." Somehow his words were lost in the excitement.

Don't count out China Mobile's banking plans

China Mobile's plan to take a stake in **Shanghai Pudong Development Bank** looks merely convenient. That doesn't mean it's a bad idea.

The lender needs to top up its capital levels, but with larger Chinese banks in the same situation, it could find itself well down the pecking order if left to raise funds on the stock market. A good thing, then, that it has a friendly state-owned behemoth to turn to for a cash injection.

Details haven't been clarified, but expectations are that China Mobile, the world's largest mobile company by subscribers, could take a 20% stake in the bank for around $5.9 billion.

Convenient for Shanghai Pudong, then, for sure. But for China Mobile, a tie-up with a bank isn't totally out of left field.

China Mobile plans to follow peers such as Korea's **SK Telecom** and Japan's **NTT DoCoMo** into the world of mobile-phone payment services—in which phones are morphing into wallets. DoCoMo, for one, has seen rapid growth. DoCoMo, which started its service in 2004, had 29 million customers using its phones to pay for items from train tickets to McDonald's meals by the end of 2008. That's 28% of its subscriber base, figures from consultants BDA Connect show.

Buying a stake in Shanghai Pudong could smooth the path for China Mobile to offer such a service. That, too, at a far lower price than buying a stake of a similar size in one of China's bigger banks. ICBC, say, might come with a much larger customer base, but a 20% stake in such a giant would be beyond even China Mobile's deep pockets.

Investors who would prefer China Mobile return some of its nearly $37.5 billion in cash to them are peeved. But this stake buy doesn't mean a special dividend is off the table. This crowd, for sure, would be soothed by more detail on China Mobile's expected return on the investment.

But they shouldn't dismiss the move out of hand.

—Andrew Peaple

Ford
USD 2,875,000,000
Convertible Bond Offering
Joint Bookrunner
November 2009

centrica
GBP 1,266,000,000
Acquisition of Venture Production by Centrica
Joint Financial Advisor
August 2009

Swedbank
USD 1,000,000,000
2.90% Fixed Rate Senior Unsecured Guaranteed by Kingdom of Sweden
USD 500,000,000
Floating Rate Senior Unsecured Guaranteed by Kingdom of Sweden
Due Jan 2013
Joint Bookrunner
June 2009

Korea Eximbank
USD 2,000,000,000
Senior Unsecured SEC Registered Fixed Rate Notes
Due Jan 2014
Joint Bookrunner
January 2009

We are doing a great deal for our clients

The last 18 months have been tough. But while others focused on us, we've remained focused on our clients. Even as the challenges of the global capital markets have continued, these and thousands more of our clients have still achieved their objectives. Through our expert teams around the world, we have supported them with financing and risk management. And we look forward to offering them a great deal more.

rbs.com/gbm

Global Banking & Markets

RBS™ The Royal Bank of Scotland

The Royal Bank of Scotland plc. Registered in Scotland No. 90312. Registered Office: 36 St Andrew Square, Edinburgh EH2 2YB. The Royal Bank of Scotland plc is an authorised agent of The Royal Bank of Scotland N.V. in certain jurisdictions.

Published by Dow Jones Publishing Company (Asia). Printed in Hong Kong by Superflag Advertising and Communication Limited. 8 Chun Ying Street, NT. Printed in Indonesia by PT Gramedia Printing Group, Jalan Palmerah Selatan 22-28, Jakarta 10270. Printed in Japan by Yomiuri Shimbun, 1-7-1 Otemachi, Chiyoda-ku, Tokyo 100-8055. Printed in Korea by JoongAng Ilbo. 7, Soonwha-Dong, Chung-Ku, Seoul 100-130. 1997 June 04 Registration no: SeoulKA00020 (Daily Newspaper). Publisher/Editor/Printer: Song Pil-Ho. Printed in Malaysia by KHL Printing Co. Sdn. Bhd. (ROC No. 235060-A) Lot 10 & 12, Jalan Modal 23/2, Seksyen 23 Kawasan Miel Phase 8, 40000 Shah Alam, Selangor, Malaysia. Printed in Philippines by FEP Printing Corporation, 3817 Mascardo St., Corner Metropolitan Ave., Pasong Tamo, Makati City. Printed in Singapore by KHL Printing Co. Pte. Ltd., 57 Loyang Drive, Singapore 508968. Printed and distributed in Taiwan by The China Post. 8 Fu Shun Street, Taipei 104. Printed in Thailand by Nation Multimedia Group Public Co., Ltd., 1854 Bangna-Trad Road, (KM. 4.5), Prakanong, Bangkok 10260. Published and printed on behalf of the Wall Street Journal India Publishing Pvt Ltd., 51/B World Trade Centre, Barakhamba Lane, New Delhi 110001 by Mr Suman Dubey at A-8 Sector 7, Gautam Budh Nagar, Noida -201301 and PLOT No.EL208, TTC Industrial Area, Mahape, Navi Mumbai - 400710 (Maharashtra), India. Editor: Suman Dubey, phone: +91-11-6462 0215. ACP no. F2 (T/3) Press / 2009 FACSIMILE EDITION.